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# ***JPRS Report***

## **Near East & South Asia**

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# Near East & South Asia

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## IRAQ

### Profile, Background of 'Udayy Husayn

92AE0570A Tel Aviv YEDIO'T AHARONOT (Weekend supplement) in Hebrew 7 Aug 92 pp 11-12

[Article by Smadar Peri: "Sex, Lies and Murder"]

[Text] Here and there, though not often, and generally when dictated from above, we see once again the dark mustache of 'Udayy Husayn, the oldest son, behind the strong shoulders of his father, the Iraqi dictator. The two, it appears, have made their peace, and 'Udayy got permission to return to Baghdad after an exile forced upon him by his father. Recently, one of the bodyguards recognized the rebellious son trying to park one of the luxury race cars that he owns in front of the "Sheraton" night club in Baghdad. The next day the rumor was everywhere: 'Udayy the "terrible" had gotten permission to come home.

It is a limited reconciliation. Those who know how to "read" the official pictures distributed by the Iraqi Presidential Palace, will immediately note that the President appears in uniform while 'Udayy is in dark pants and a light shirt. Translation: The President appears in official dress while the eldest son is deprived of any of the ingredients of status. Saddam Husayn, according to these pictures, is not about to make his rebellious son his successor. The reconciliation is conditional. 'Udayy knows that the next time he angers his father he might well lose his life. For the moment he enjoys the close embrace of the top family in Iraq.

Saddam is now again prepared to joke about the similarities between him and his eldest son. Both of them pursue power and women, love the sweet life, and take titles and public status by force. But there is one striking difference between them: What seems natural to the Iraqi dictator, who will not hesitate to annihilate his opponents and competitors, immediately becomes a public scandal with his son. Saddam is the Iraqi dictator and a cold-blooded murderer, but he has charisma. 'Udayy is dwarfed in his shadow as a spoiled youngster, impulsive, unstable in his behavior.

'Udayy is the black sheep of the family. Thus far he has left three murder victims in his wake: The first was a married army officer who refused to allow his wife to be alone with the President's son, who had fallen for her while they were at a night club together; the next victim was a father who "got in the way" of a drunken 'Udayy who had started in with his 15-year-old daughter on her way from school; and the third was one of Saddam's senior aides, who introduced his father to his concubine, who then became the President's wife.

He is a disappointment to his father. At a certain point the Iraqi dictator could have decreed 'Udayy to be his successor. Had 'Udayy gotten the job, that would immediately have impelled other Middle Eastern rulers to take a similar step. One of them, for example, is Hafiz

al-Asad, the President of Syria, whose oldest son Basl is involved behind the curtains in the decision-making process. And Basl, unlike 'Udayy, was never involved in scandals or public incidents.

The latest scandal surrounding 'Udayy concerns the way in which the chairman of the reporter's guild in Baghdad was removed. 'Abd-al Aziz Barakat, an official government reporter who worked many long years on one of the government publications and enjoyed an increased government salary for "special services," was suddenly removed from his position. A senior official in the Propaganda Ministry in Baghdad announced to Barakat that he was to stay home. "Your job is ended," was the way in which his firing was announced. No one had any explanation for the sudden dismissal. When his reporter colleagues tried to fight this arbitrary course of action, the government was quick to do its thing: Barakat was thrown into an artificial lake that was dug in the courtyard of the "Final Palace," an infamous prison in Iraq. He thrashed about in the water, his hands and feet manacled, until he expired.

Only after Barakat died, did the reporters understand the reason for the government's angry reaction: 'Udayy coveted the job, and, in fact, got it. Barakat lost his life for a worthless job. After all, it is no secret that reporters in Iraq write only what the regime wants to read. A redundant word, exaggerated criticism, any deviation from the official tone—can cost any of them not only their jobs but their lives, as well. Testimony about the "purge tortures" has made its way to the West from those lucky ones who managed to escape the horror.

This is the third job that 'Udayy has acquired for himself by force. The spoiled youngster, 34, loves race cars, women, especially married ones, and is addicted to billiards—he was already head of the equestrian league, manager of the national soccer team, President of the Science University (despite the fact that he has no academic degree), and managed a network of supermarkets and ice cream stores.

In the last 18 months he has also been the editor-in-chief and publisher of "Babel," a prestigious, respected periodical that has garnered a regular circle of readers for itself in the West and here, too. "Babel," named for the Biblical Babylon on the Tigris and Euphrates, was intended to serve the Presidential Palace in Baghdad. After President Bush found himself denying, with an un concealed hint of disappointment, the false rumor of an attack on the life of the President of Iraq, "Babel" was quick to react with a series of smears against George Bush, the "coward." The principal editor, who has access to first-hand information, does not write the articles himself, or the satire on the delegation of U.N. inspectors, which stubbornly insisted last week in carrying out a search of the office of the Iraqi Minister of Agriculture. After nothing was found there, "Babel" was quick to mock the members of the delegation with a series of cartoons.



But newspaper editing is not the main task that Saddam Husayn gave his oldest son following their recent reconciliation. If he continues in this second, secret, job, 'Udayy could shortly become an extremely rich man. 'Udayy is the man in charge of the commercial ties with Jordan, Iraq's almost only lifeline after the UN-imposed sanctions. That job has earned him the title "King of the Chickens."

Fresh fowl, eggs, canned food, and agricultural produce, medical equipment, and merchandise that the land blockade has prevented being moved to Iraq since the invasion of Kuwait—are flowing in from Jordan, from the Turkish border, along the entire length of the border with Iran, and from certain addresses in Syria. All of them pass under the personal protection of the President's son. It is a lawless, open, profitable market in which 'Udayy not only rakes in huge sums of money, but also determines and directs the food supply routes.

The army, for example, will get large quantities. To the southern region he will distribute smuggled merchandise and eggs at an inflated price according to the residents' behavior. In the case of local rebellion, for example, the regime can stop the supply of food. The distribution keys are in 'Udayy's pockets.

It is not by accident that Saddam chose 'Udayy to manage the economic tie with Jordan: For the past five years a particularly close personal tie has been woven between the eldest son of the dictator from Baghdad and his patron, Husayn, King of Jordan.

In October 1988, during the course of the visit of Suzanne Mubarak, the wife of the President of Egypt, a scandal rocked the Presidential Palace. 'Udayy suddenly found out that Kamal Hana Jaju, the food taster, an important position in the Palace, was also "in charge" of a young lady named Samira Shahbandar, a pretty blond, married tennis instructor who had become the "official" lover of his father, the President. Samira's husband, the manager of the Iraqi National Airline Corporation, got a strong, unequivocal hint from on high, in the wake of which he decided to annul the marriage, "for the sake of the supreme national interest...."

'Udayy rushed to tell his mother the secret, and she told him that not only had the young woman stolen Saddam's heart, but she was also about to become wife number two and was already raising their infant child.

'Udayy burned with rage. He did not think twice and left for the building housing the Palace staff. In front of the surprised workers, he pulled out his pistol and killed the food taster.

The next day 'Udayy was called to the President's office. Saddam Husayn did not waste words. He pulled out his pistol and fired off a salvo in the direction of his eldest son. The next day, while 'Udayy was still laid up in the hospital, the Baghdad newspapers reported that he had attempted suicide. Less than three days passed and the President's son was thrown into prison. Saddam Husayn

asked Iraq's general prosecutor for a "just trial" and to uphold the law in the face of his murderous son.

King Husayn, who received an immediate report on the scandal in the Presidential Palace, got on a plane and presented himself at the Presidential Palace in Baghdad. "Give me the boy," he begged the Iraqi dictator, "I am not leaving this place without the child." And, in fact, after a short time, the King and the President's son left the Palace.

'Udayy disappeared from Baghdad for a long time. He set up temporary quarters with his mother, who left for a private villa in Switzerland, but after pulling a gun on a local policeman during the course of a fight in a night club, he was expelled from there, too.

In the latest official picture of Saddam Husayn's family, the two sons 'Udayy and Qusay, the two daughters accompanied by their husbands, and the grandchildren devotedly surround their parents, who are relaxing on an Oriental armchair upholstered in bright velvet. A group picture of a united family, with Saddam's hand touching, yet not touching the fingers of his first lady Saja. Lady number two and their four or five-year old child are in a safe place, far from the Palace, far from the official pictures.

Upon his return from exile, 'Udayy announced that he was about to be drafted into the special Republican Guard that is responsible for protecting the life of the President. But it seems the program was not to Saddam's liking, who preferred to consign his life to others he trusts more than his eldest son. 'Udayy, for his part, was unwilling to make do with command of a junior military unit and went to manage Iraq's national soccer team.

At the same time, he registered for engineering studies at one of the institutes of higher learning in Baghdad. Less than a full academic year had passed, and the President's son had appointed himself president of the National Science Institute. Since they had no choice, the academicians kept their peace.

Recently his name also has been mentioned in a financial scandal; The President's son pulled a gun in order to "persuade" the manager of the national bank to sell him two million dollars, which he converted to local Iraqi dinars—at double the price on the black market. The likeness of President Saddam, it should be noted, appears on every one of those notes.

The scandals in which 'Udayy has been involved in recent years, a large part of which have yet to be exposed, have gained him many enemies and foes. Even the omnipotent Saddam understands there is no hope of his son succeeding him. President al-Asad, who perhaps hoped that Saddam would set a precedent on the matter of sons, knows that his son is fit to inherit his throne, but it does not seem that anyone of those waiting will allow him to make his way to the throne when the "lion" of Syria departs. Basl al-Asad, it should be noted, was never involved in any kind of scandal, in stark contrast to his

uncle, Rifa'at, who describes himself as the "official heir-apparent." Rifa'at has already had to live long years in exile, and his entry into Syria territory is restricted to this day. He was even forbidden to come to his mother's funeral two weeks ago in Qirdha, the town of his birth.

And Saddam Husayn misses no opportunity to draw comparisons between his son and Bush, whom he hates with passion. "We both have troublesome sons," he said. "Bush's son got mixed up in a bank scandal, while my son, after all, killed two or three drunks, who behaved with exaggerated crudeness...."

## JORDAN

### Al-'Adwan Appointed Royal Protocol Chief

92P40272A Jerusalem AL-NAHAR in Arabic 18 Aug 92 p 8

[Text] Amman—A royal decree has been issued appointing Dr. Muhammad 'Affash al-'Adwan as Chief of Royal Protocol of the Highest Order.

It is noted that Dr. al-'Adwan recently occupied the position of Jordan's ambassador to the Unionist [as published] Republic of Russia, Poland, Finland, and countries in the Commonwealth of Independent States. He was also ambassador to Spain from 1985 to 1990.

Dr. al-'Adwan was director of Queen Nur's office from 1982 to 1985 and a vice president of the Jordan Valley Authority between 1977 and 1982.

### New Parties' Expected Memberships Reported

92P40273A

[Editorial Report] London AL-SHARQ AL-AWSAT in Arabic of 7 September 1992 on page 3 reports that more than 45,000 citizens are expected to join 65 new parties. Of this, "the Islamic parties are expected to encompass 20,000 active members, while the national conservative parties are expected to have 12,000; the nationalist parties, 10,000 members; and the leftist parties, 3,000 members."

A party must have no fewer than 50 founding members. These founding members "must have never been convicted of a crime and must have no financial, organizational, or political links to countries or organizations operating outside Jordan or to non-Jordanian organizations operating inside Jordan."

According to the article, "Observers think it probable that parties with Palestinian ties will be allowed to operate, and their ties overlooked, at least in the coming period. However, sources from the Muslim Brotherhood Movement in Jordan have affirmed that the movement will retain its status as a charitable organization, and will not request conversion into a political party, hoping to continue its political activity under a 'social charity umbrella,' which is considered more acceptable to the citizens than a 'party umbrella.'"

## KUWAIT

### Iraqi Collaborators Sentenced to Prison

92AE0473D London AL-SHARQ AL-AWSAT in Arabic 21 Jun 92 p 2

[Article by Husayn 'Abd-al-Rahman: "Prison Sentences for Those Accused of Collaborating with Iraqi Occupation"]

[Text] Kuwait—The State Security Court at the Justice Palace, headed by Counselor Judge Salah al-Fahd and member judges Muhammad Abu-Sulayib and Salim al-Khudayyir, sentenced Da'ud Sulayman Musa, chief editor of the Kuwait News Agency prior to the invasion, to 10 years in prison. He was accused of collaborating with the Iraqi regime, as he worked to publish the AL-NIDA' newspaper, which published biased news and articles, and held the post of managing editor of the newspaper.

The court also sentenced Nawwaf 'Izz-al-Din Faraj al-Khatib to 10 years in prison on charges of working for the same newspaper during the time of occupation. Hasan Ahmad Hasan al-Khalili and Muhammad Mahmud Ahmad Zahran were prosecuted on similar charges, and Khiran Hamad Hidan was prosecuted for joining the Iraqi Popular Army during the time of occupation. In the same session, the court acquitted Muhammad Hasan Mahmud Musa of working for Iraq and joining the Popular Army.

In accordance with the amendments introduced to State Security Court rulings, the accused have the right to file an appeal against the sentences imposed on them. This measure was adopted after liberation. Accused persons may file appeals in cases dealing with national security.

At the start of yesterday's session, the court heard the four-hour defense argument made by Kuwaiti defense attorney Qulayfas Nasir al-'Akshani on behalf of Siham Ibrahim Husayn, an Iraqi accused of collaborating with the Iraqi Army during occupation, specifically, of having led the army to Kuwaiti military personnel.

## LEBANON

### Displacement, Displaced Persons Defined

92AE0559C Beirut AL-SAFIR in Arabic 17 Jun 92 p 6

[Article: "Endeavor To Define Displacement and Displaced Persons"]

[Text] It has become obvious to many people who have proposed to study the displaced persons problem, especially those who have contributed to the study that is about to be completed by the Displaced Persons Dossier Bureau, that establishing a definition for displacement and displaced persons is not only an academic necessity but also a practical necessity, especially since the displacement and displaced persons problem imposes, in

addition to the solutions it requires, legislation, laws, and regulations that need to separate accurately those who are concerned from those who are not concerned. All of this has to be done within the context of complex processes as a consequence of the intricate results of the problem and of the fact that it spans the entire Lebanese social field. Awareness of the importance of establishing a definition of displaced persons has come from men of the law, especially judges and lawyers.

Numerous studies have been issued about displaced persons, some of which have not even touched on defining displacement and displaced persons in the first place. Other studies have contented themselves with a definition that is copied by nearly all of them. The inadequacy of this definition is demonstrated by its lacking some of these elements: the nature of displacement, its perpetrator, object, circumstances, causes, immediate consequences, and its delayed consequences.

This was the case until late last year when a study was published by the Jesuit University (Beirut) and Laval University (Canada)—a study that consisted originally of nearly 275 pages, excluding supplements and tables. But researchers then abbreviated it in a report comprised of 113 pages and distributed it at a conference held in January 1992.

Before arriving at a final definition of a person displaced in Lebanon as a result of the latest war, the study offers descriptions and explanations, such as:

In the case of inhabitants displaced because of a domestic war, emigration is the inhabitant's basic reaction to an imminent danger at a specific time and in a specific place. In such a case, the issue pertains to some sort of a reaction by "feet prepared to flee," i.e. it is some sort of a vote that it is no longer possible to continue to live in this place because of the loss of adequate physical safety. Thus, the choice is more for emigrating than for staying.

The form assumed by the decision to emigrate finds its simplest and clearest expression in the condition of forced emigration in Lebanon. Displaced Lebanese persons did not choose to emigrate from their place of residence with their full freedom. At best, they only chose the direction of their emigration—considering that this direction is "subject to some sort of indicator" (the presence of a majority of the members of the same sect in another region can motivate emigrants to be more inclined to stay in this area than in another)—whereas the emigration decision itself was determined by factors beyond the displaced persons' control. Displaced Lebanese persons, unlike ordinary displaced persons, "are pushed toward the outside world" more than being "attracted toward another area."

As for structural tensions in the case of those displaced coercively in Lebanon, these tensions could be different when measured by the yardstick of intensity and severity. Some displaced persons were forced to leave most promptly in order to avoid a massacre. Others

departed without the presence of an immediate threat to their life. They simply anticipated what would happen. These belong to the category of "anticipators" and those belong to the "severe-phase" category.

There are numerous middle-of-the-road conditions between these two extremes, including the case of people who emigrated not because of the threat of weapons but because of political disagreements with the influential forces in their native environment. There are also among displaced Lebanese persons those whose case meets the conditions of "opportunistic" emigrants for whom it was not necessary to emigrate. The case of other emigrants meets the conditions of "standard" emigrants who follow the bandwagon after the danger disappears.

The element of time is also one of the basic elements constituting the definition of a displaced person. There has to be a certain degree of perpetuity before the characteristic of coercive displacement can be applied, meaning that the conditions forcing the departure at a given time have to continue to exist and to prevent repatriation in the original place of residence. Thus, persons displaced coercively are those who left their place of residence in the wake of specific threats or because of dangers, without being able to return afterward.

In addition to all this, the study by the two universities sums up its definition of displaced persons in the following phrases:

"Displaced persons are those Lebanese who, from time to time and since the onset of the Lebanese war (April 1975), were forced to leave their place of residence without being able to return and who went to live elsewhere in Lebanon because of a real danger, specific threats, and expected dangers or because they lived in insecure areas. As a consequence of this particular reality, a change occurred in their socio-economic condition in one way or another. The network of their social relations has also changed because they are refugees in their own country."

As for those who compiled the study by the Displaced Persons Dossier Bureau (likely to be published shortly), they have found, especially in light of what they have learned from their field work and their contacts with displaced people themselves, that it is necessary to develop another definition that combines the elements forming the problem more tightly. After they completed translating the study by the two universities (February 1992) and finished their study, Dr. Rafiq al-Karak (a sociology professor at the Lebanese University) submitted a draft definition to a debate to which Dr. As'ad al-Athath (a sociology professor at the Lebanese University), Kamal Faghghali (the general coordinator of the study), and Mas'ud al-Khawand (one of the contributors to the theoretical academic aspect of the study) were main contributors. Finally (nearly a month and a half ago), this draft settled on the following definition:

**"Displacement:**

"1. Its nature: It is every act that employs material or moral violence, or both, indiscriminately and regularly.

"2. Its perpetrator: It has been perpetrated by most of the forces that participated directly or indirectly in the course of the war that started to assume the form of an allout war as of 13 April 1975.

"3. Its object: It has been inflicted on Lebanese and other individuals and groups residing in Lebanon.

"4. Its circumstances: The framework of the bloody events and the conditions of strife, intimidation, and enticement which paved the way for or accompanied that war.

"5. Its causes: Numerous considerations connected in particular with the contradicting political tendencies or partisan affiliations and with the difference of religion or creed. Those considerations were connected simultaneously with wariness and with the availability of pretexts and opportunities to commit acts of aggression and violation.

"6. Its immediate consequences: This act compelled the majority of those who were subjected to it or forced them to leave their homes and property and go to other places, whether inside or outside the country, where it is safer and where a better chance of a livelihood is offered.

"7. Its delayed consequences: It has produced a number of entangled (political, legal, security, demographic, developmental, economic, social, and psychological) consequences which continue to:

"Impose in places where the act took place a fait accompli that impedes the displaced from enjoying their full rights and liberties as stipulated by the Lebanese laws and the international charters to which Lebanon adheres at all levels.

"Justify in the asylum areas the presence of another fait accompli that emanates from the above fait accompli and that cannot be tackled with ordinary Lebanese laws and regulations, especially because of human considerations.

"A displaced person is any Lebanese or resident of Lebanon who is subjected to the act of displacement as defined in the above and who continues to be impeded by the consequences of this act from enjoying his full legal rights and liberties to the homes and the properties from which he was evicted."

**Statistics on Displaced Persons, Origins**

92AE0559D Beirut AL-SAFIR in Arabic 17 Jun 92 p 6

**[Excerpts]**

**Displaced Villages and Number of Families  
Distribution of Families According to Place of Origin  
(Taken From Results of Forms Filed With Displaced  
Persons Dossier Bureau)**

Place of Origin	Number	Percentage
Beirut	144	0.25
Ashrafiyat Bayrut	1,049	1.85
Bashurah (al-Basta al-Tahta)	76	0.13
Dar al-Muraysah	54	0.09
Ra's Bayrut (al-Hamra')	82	0.14
Rumayl	29	0.05
Ziqaq al-Balat (al-Basta al-Fawqa)	41	0.07
Sayfi	83	0.14
Mudawwar	1,710	3.02
Marfa' (Port)	78	0.13
Mazra'at Bayrut	650	1.14
Musaytibah	237	0.41
Mina' al-Hisn	133	0.23
<b>Total for Beirut Governorate</b>	<b>4,366</b>	<b>7.71</b>
B'abda	188	0.33
Shiyah	853	1.50
Ghubayri	83	0.14
Awza'i	24	0.04
Furn al-Shubbak	100	0.17
Tahwat al-Nahr (Furn al-Shubbak)	29	0.05
'Ayn al-Rummanah, B'abda	579	1.02
Arsun	62	0.10
Btakhniyah	17	0.03
Burj al-Barajinah	291	0.51
Bzibdin	130	0.22
Batshiyah	23	0.04
Ba'lashmiyah	43	0.07
Bimiryam	81	0.14
Bi'r al-'Abd	25	0.04
Bi'r al-Hasan	20	0.03
Tahwat al-Ghadir	22	0.03
Tarshish	215	0.38
Janah	13	0.02
Jiwar al-Hawz	22	0.03
Jawrat Arsun	14	0.02
Harat Hurayk	497	0.87
Al-Kahluniyah	43	0.07
Hazimiyat B'abda	79	0.13
Hasbayya al-Matn	98	0.17
Hadath B'abda	349	0.61

[Article: "Displaced Villages, Numbers of Families"]



**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Hammana	84	0.14
Hayy Madi	47	0.08
Khuraybat B'abda	15	0.02
Dayr al-Harf	17	0.03
Ra's al-Harf	155	0.27
Ra's al-Matn	71	0.12
Ruwaysat B'abda	17	0.03
Ruwaysat al-Ballut	13	0.02
Zanduqah	22	0.03
Sibniyah	309	0.54
Shabaniyat B'abda	133	0.23
Shuwayt	127	0.22
Salima B'abda	276	0.47
'Abbadiyah	344	0.60
'Ayn Muwaffaq	34	0.06
Falugha	188	0.23
Fayyadiyah	17	0.03
Qubay'	60	0.10
Qattalah	16	0.02
Qartadah	44	0.07
Qarnayil	69	0.12
Qaryat B'abda	23	0.04
Kafr Sulwan	54	0.09
Kafr Shima	75	0.13
Kanisat B'abda	15	0.02
Luwayzat B'abda	20	0.03
Murayjat B'abda	208	0.36
Wadi Shahrur	23	0.04
Other, B'abda	57	0.10
<b>Total for B'abda District</b>	<b>6,424</b>	<b>11.35</b>
Judaydat al-Matn	265	0.46
Burj Hammud	2,287	4.04
Dawrat al-Matn	118	0.20
Antilyas	86	0.25
Brummana al-Matn	17	0.03
Bushariyah	400	0.70
Bayyaqut	138	0.24
Bayt Miri	41	0.07
Tall al-Za'tar	729	1.28
Jisr al-Basha	34	0.06
Jull al-Dib	44	0.07
Harat al-Ghawarinah	37	0.06

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Dikwanah	1,299	2.29
Rawdat al-Matn	16	0.02
Ruwaysah	134	0.23
Zar'un	31	0.05
Zalqa	52	0.09
Sabtiyah	46	0.08
Sinn al-Fil	1,466	2.59
Dubayyah	43	0.07
'Ayrin	56	0.09
Fanar	351	0.62
Mutayn	90	0.15
Mukallas	41	0.07
Mansuriyat al-Matn	15	0.02
Nab'ah	2,509	4.43
Naqqash	18	0.03
Nahr al-Mawt	15	0.02
Other, al-Matn	139	0.24
<b>Total for al-Matn District</b>	<b>10,517</b>	<b>18.59</b>
Bayt al-Din	98	0.17
Baruk	85	0.15
Burjayn	159	0.28
Burayj al-Shuf	205	0.36
Bassaba al-Shuf	22	0.03
Butmah	31	0.05
Ba'daran	52	0.09
Bakfayya al-Shuf	35	0.06
Banawati al-Shuf	36	0.06
Birat al-Shuf	289	0.51
Bayqun	48	0.08
Jahiliyah	19	0.03
Jalilah	50	0.08
Jumayliyah	62	0.10
Jun	150	0.26
Jiyah	290	0.51
Harat Ba'asir	51	0.09
Hasrut	23	0.04
Khuraybat al-Shuf	19	0.03
Damur	1,576	2.78
Dubayyah	215	0.38
Dumayt	21	0.03
Dayr Baba	11	0.01
Dayr Durit	229	0.40

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Dayr al-Qamar	41	0.07
Rumaylat al-Shuf	432	0.76
Za'ruriyat al-Shuf	65	0.11
Siblin	13	0.02
Sirjibal	171	0.30
Sa'diyat	31	0.05
Shumays al-Shuf	36	0.06
Shawaliq al-Shuf	28	0.04
Shurit	51	0.09
Dahr al-Magharah	62	0.10
'Alman al-Shuf	288	0.50
'Amatur	41	0.07
'Amiq al-Shuf	73	0.12
'Aynbal	32	0.05
'Ayn al-Asad	33	0.05
'Ayn al-Hawr	142	0.25
'Ayn Zhalta	202	0.35
Ghurayfah	17	0.03
Furaydis al-Shuf	71	0.12
Fawwarah	170	0.30
Ktarmaya	24	0.04
Kafr Him	19	0.03
Kafr Faqud	21	0.03
Kafr Qatrah	207	0.36
Kafr Nabrah	190	0.33
Kafr Nis	149	0.26
Kulayliyah	13	0.02
Kanisat al-Shuf	73	0.12
Majdaluna	79	0.13
Majd al-Ma'ush	238	0.42
Muhtaqarah	27	0.04
Mukhtarah	19	0.03
Marj Burja	29	0.05
Mazra'at al-Shuf	165	0.29
Mazmurah	44	0.07
Mushrif	39	0.06
Ma'asir Bayt-al-Din	119	0.21
Mutillat al-Shuf	227	0.40
Ma'asir al-Shuf	114	0.20
Ma'niyah	35	0.06
Mughayriyat al-Shuf	64	0.11
Na'imah	408	0.72

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Niha al-Shuf	22	0.03
Nab' al-Safa	18	0.03
Wadi al-Zinah	100	0.17
Wadi Binahlah	130	0.22
Wadi al-Dayr	45	0.07
Wadi al-Sitt	147	0.25
Other, al-Shuf	399	0.70
<b>Total for al-Shuf District</b>	<b>8,939</b>	<b>15.80</b>
'Alayh	1,232	2.17
Ighmayd	37	0.06
Batatir	111	0.19
Bhamdun	551	0.97
Bkhashtiyah	112	0.19
Basrin	88	0.15
Bshamun	50	0.08
Batlun	73	0.12
Ba'wartah	265	0.46
Bamkin	43	0.07
Bamhariyah	83	0.14
Bunayyah	219	0.38
Abu-Zuraydah	46	0.08
Baysur 'Alayh	540	0.95
Ta'zaniyah	63	0.11
Hayramun	26	0.04
Hayy al-Silm	30	0.05
Khaldah	18	0.03
Daffun	106	0.18
Daffun	141	0.24
Duwayr al-Rumman	24	0.04
Dayr Qawbal	28	0.04
Rajmah	48	0.08
Rashmayya	274	0.48
Ramhala	171	0.30
Ramliyat 'Illiyah	22	0.03
Ruwaysat al-Nu'man	64	0.11
Sab'al 'Alayh	19	0.03
Salfaya	136	0.24
Suq al-Gharb	198	0.34
Sharun	19	0.03
Shartun	233	0.41
Shamlan	71	0.12
Shuwayfat	442	0.78

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Sawfar	17	0.03
Dahr al-Wahsh	15	0.02
'Ubayyah	345	0.60
'Aramun 'Alayh	75	0.13
'Amrusiyah	33	0.05
'Aytat	366	0.64
'Aynab	80	0.14
'Ayn Tarraz	36	0.06
'Ayn al-Judaydah, 'Alayh	119	0.21
'Ayn al-Halazun	51	0.09
'Ayn Darah	86	0.15
'Ayn Darafil	39	0.06
'Ayn al-Rummanah, 'Alayh	12	0.02
'Ayn al-Sayyidah	27	0.04
'Ayn 'Annub	88	0.15
'Ayn Kusr	34	0.06
Ghabun	125	0.22
Fassaqqin 'Alayh	11	0.01
Qabrashmun	108	0.19
Qamatiyah	39	0.06
Kahhalah	13	0.02
Kafr 'Amiyah	103	0.18
Kafr Matta	516	0.91
Kayfun	128	0.22
Majdal Bi'na	16	0.02
Majdaliya, 'Alayh	223	0.39
Bhamdun al-Mahattah	160	0.28
Murayjat 'Alayh	43	0.07
Mazra'at al-Nahr, 'Alayh	19	0.03
Ma'rufiyah	55	0.09
Ma'sariti	12	0.02
Mansuriyat 'Alayh	175	0.30
Other, 'Alayh	71	0.12
<b>Total for 'Alayh District</b>	<b>8,823</b>	<b>15.59</b>
Junyah	19	0.03
Dhuq Mikayil	37	0.06
Sarba, Kasrawan	25	0.04
Other, Kasrawan	45	0.07
<b>Total for Kasrawan District</b>	<b>126</b>	<b>0.22</b>
Jubayl	34	0.06
'Amshit	16	0.02
Laqluq	157	0.27

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Other, Jubayl	66	0.11
<b>Total for Jubayl District</b>	<b>273</b>	<b>0.48</b>
<b>Grand Total for Mount Lebanon Gov-</b>	<b>35,102</b>	<b>62.04</b>
<b>ernorate</b>		
Tripoli	1,192	2.10
Hayy al-Suwayqah	1	-
Tarbil Tarbulus	14	0.02
Huwwarat Tarabulus	134	0.23
Sayr al-Daniyah	15	0.02
'Asun	17	0.03
Other, Tripoli	62	0.10
<b>Total for Tarabulus [Tripoli] District</b>	<b>1,435</b>	<b>2.53</b>
Anfah	37	0.06
Zgharta al-Matawilah	15	0.02
Zakrun	17	0.03
Other, al-Kurah	119	0.21
<b>Total for al-Kurah District</b>	<b>188</b>	<b>0.33</b>
Zgharta	11	0.01
Haylan	14	0.02
Kafrayya Zgharta	43	0.07
Other, Zgharta	47	0.08
<b>Total for Zgharta District</b>	<b>115</b>	<b>0.20</b>
Batrun	49	0.08
Jabla	21	0.03
Shabtayn	12	0.02
Shakka	80	0.14
Shanata	21	0.03
Kafr 'Ubayda	27	0.04
Kur	15	0.02
Hirri	28	0.04
Other, al-Batrun	91	0.16
<b>Total for al-Batrun District</b>	<b>344</b>	<b>0.60</b>
Bayt Millat	44	0.07
Tall 'Abbas	16	0.02
Rahbah	28	0.04
Qurayyat	25	0.04
Other, 'Akkar	132	0.23
<b>Total for 'Akkar District</b>	<b>245</b>	<b>0.43</b>
Bsharri District	40	0.07
<b>Total for Bsharri District</b>	<b>40</b>	<b>0.07</b>
<b>Grand Total for al-Shamal Gover-</b>	<b>2,367</b>	<b>4.18</b>
<b>norate</b>		

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Sidon [or Sayda]	143	0.25
Qannayat Sayda	71	0.12
Barramiyah	104	0.18
Baslayya	12	0.02
Baqastah	37	0.06
Harat Sayda	25	0.04
Darb al-Saym	244	0.43
Zarrariyah	11	0.01
Salihyat Sayda	102	0.18
Tanburit	58	0.10
'Abra Sayda	363	0.64
'Arab al-Jull	43	0.07
'Addusiyah	11	0.01
'Aqatnit	23	0.04
Qayya'ah	95	-
'Ayn al-Dulb	162	0.28
Ghaziyah	16	0.02
Qaryat [or Qurayyat] Sayda	403	0.71
Kafr Malki	21	0.03
Kafrayya Sayda	70	0.12
Majdalyun	88	0.15
Mu'ammariyah	48	0.08
Maghdushah	528	0.93
Miya Wa Miyah	403	0.71
Hilaliyat Sayda	109	0.19
Other, Sayda	72	0.12
<b>Total for Sidon [or Sayda] District</b>	<b>3,167</b>	<b>5.59</b>
Nabatiyah	87	0.15
Arnun	63	0.11
Jiba' al-Halawi	125	0.22
Jarju'	42	0.07
Humin al-Tahta	13	0.02
Sarba al-Nabatiyah	68	0.12
'Ayn Busuwar	18	0.03
'Ayn Qana	14	0.02
Kafr Tibnit	90	0.15
Kafr Rumman	319	0.56
Kafr Fila	88	0.15
Kufur al-Nabatiyah	18	0.03
Yahmur al-Nabatiyah	43	0.07
Al-Nabatiyah, Other	114	0.20
<b>Total for al-Nabatiyah District</b>	<b>1,102</b>	<b>1.94</b>

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Tyre [or Sur]	318	0.56
Zallutiyah	28	0.04
Sham'	37	0.06
Shihayn	28	0.04
Tayr Harfa	101	0.17
Zuhayrah	99	0.17
Majdalzawn	166	0.29
Marwahayn	206	0.36
Naqurah	46	0.08
Yarin	405	0.71
Other, Tyre [or Sur]	97	0.17
<b>Total for Tyre District</b>	<b>1,531</b>	<b>2.70</b>
Bint Jubayl	235	0.41
Bara'shit	138	0.24
Bayt Lif	102	0.18
Bayt Yahun	27	0.04
Hanin	208	0.36
Hadatha	33	0.05
Ramiyat Bint Jubayl	130	0.22
Rishaf	137	0.24
Sarbin	42	0.07
Tayri	120	0.21
'Ayta al-Sha'b	83	0.14
'Aytarun	206	0.36
'Aynata Bint Jubayl	117	0.20
'Ayn al-Suffayrah	12	0.02
Farrun	14	0.02
Kawnayn	140	0.24
Marun al-Ra's	211	0.37
Yatir	91	0.16
Other, Bint Jubayl	81	0.14
<b>Total for Bint Jubayl District</b>	<b>2,127</b>	<b>3.75</b>
Marj'uyun District	23	0.04
Marj'uyun	119	0.21
Judaydat Marj'uyun	117	0.20
Ibl al-Saqi	63	0.11
Blida	59	0.10
Bani Hayyan	34	0.06
Balat Marj'uyun	71	0.12
Hula	230	0.40
Khiyam Marj'uyun	372	0.65
Dibbin	28	0.04



**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Dayr Suryan	60	0.10
Dayr Mimas	15	0.02
Rabb Thalathin	55	0.09
Sardah	34	0.06
Tallusah	52	0.09
Tayyibat Marj'uyun	94	0.16
'Adshit al-Qusayr	17	0.03
'Udaysat Marj'uyun	53	0.09
'Ayn 'Arab Marj'uyun	101	0.17
Qabrikha	39	0.06
Qantarat Marj'uyun	196	0.34
Kafr Kala	63	0.11
Majdal Silm	19	0.03
Muhaybib	38	0.06
Markaba	281	0.49
Mays al-Jabal	344	0.60
Wazzani	55	0.09
<b>Total for Marj'uyun District</b>	<b>2,632</b>	<b>4.65</b>
Hasbayya	27	0.04
Duhayrijyat	22	0.03
Rashayya al-Fukhkhar	31	0.05
Shab'a	208	0.36
Shuwayya Hasbayya	20	0.03
'Ayn Qunayya	16	0.02
Kafr Hamam	40	0.07
Kafr Shuba	326	0.57
Mari	15	0.02
Majidiyah	26	0.04
Maymas	11	0.01
Habbariyah	32	0.05
Other, Hasbayya	36	0.06
<b>Total for Hasbayya District</b>	<b>810</b>	<b>1.43</b>
Jazzin	16	0.02
Baysur Jazzin	85	0.15
Jarmaq	27	0.04
Jarnaya	35	0.06
Jinsnaya	52	0.09
Rum	45	0.07
Rayhan Jazzin	169	0.29
Sajad Jazzin	103	0.18
Sarirah	16	0.02
Shawaliq Jazzin	96	0.16

**Displaced Villages and Number of Families**  
**Distribution of Families According to Place of Origin**  
**(Taken From Results of Forms Filed With Displaced**  
**Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
'Aramti	108	0.19
'Ayshiyah	68	0.12
'Ayn al-Mir	115	0.20
Qatranah	43	0.07
Qaytuli	12	0.02
Karkha	50	0.08
Kafr Jarrah	77	0.13
Kafr Hunah	110	0.19
Kafr Falus	35	0.06
Lab'ah	118	0.20
Luwayzat Jazzin	162	0.28
Muharibiyah	21	0.03
Mujaydil Jazzin	112	0.19
Marah al-Habbas	34	0.06
Mulaykh	199	0.35
Wadi al-Laymun	31	0.05
Wadi Bi'unqudayn	83	0.14
Other, Jazzin	30	0.05
<b>Total for Jazzin District</b>	<b>2,052</b>	<b>3.62</b>
<b>Grand Total for al-Janub Governorate</b>	<b>13,421</b>	<b>23.72</b>
Zahlah	265	0.46
Karak Nuh	24	0.04
Ablah	20	0.03
Ta'labaya	89	0.15
Riyyaq	28	0.04
Other, Zahlah	80	0.14
<b>Total for Zahlah District</b>	<b>506</b>	<b>0.89</b>
'Ayn al-Tinah, al-Biq'a' al-Gharbi	139	0.24
Qallaya	21	0.03
Labbaya	38	0.06
Mashgharah	44	0.07
Mansuraht al-Biq'a' al-Gharbi	14	0.02
Maydun	88	0.15
Other, al-Biq'a'	70	0.12
<b>Total for al-Biq'a' al-Gharbi District</b>	<b>414</b>	<b>0.73</b>
Ba'labakk	28	0.04
Bayt Shama	18	0.03
Harfush	19	0.03
Hawsh Barada	28	0.04
Ra's Ba'labakk	12	0.02
Tulayya	11	0.01
Qa'	56	0.09

**Displaced Villages and Number of Families  
Distribution of Families According to Place of Origin  
(Taken From Results of Forms Filed With Displaced  
Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Other, Ba'labakk	80	0.14
<b>Total for Ba'labakk District</b>	<b>252</b>	<b>0.44</b>
Al-Hirmil District	12	0.02
Other, al-Hirmil	8	0.01
<b>Total for al-Hirmil District</b>	<b>20</b>	<b>0.03</b>
Rashayya al-Wadi	12	0.02
Bakfayyat Rashayya	17	0.03
'Aqabat Rashayya	21	0.03

**Displaced Villages and Number of Families  
Distribution of Families According to Place of Origin  
(Taken From Results of Forms Filed With Displaced  
Persons Dossier Bureau) (Continued)**

Place of Origin	Number	Percentage
Muhaydithat Rashayya	12	0.02
Other, Rashayya	61	0.10
<b>Total for Rashayya District</b>	<b>123</b>	<b>0.21</b>
<b>Grand Total for al-Biqā' Governorate</b>	<b>1,315</b>	<b>2.32</b>
Al-Qura al-Sab'	2	
<b>Total for al-Qura al-Sab'</b>	<b>2</b>	<b>-</b>
<b>Grand Total for all Lebanon</b>	<b>56,573</b>	<b>100.00</b>

Study covered 56,000 forms. The list includes names of villages from which more than 10 families were evicted

[passage omitted]

**Percentage of Displaced Persons to Total Population Residing in Lebanon, According to 1987 Distribution in Various Parts of Lebanon**

Areas and Governorates	Number of Residents (by 1,000)	Number of Displaced (by 1,000)	% Displaced:Residents
East Beirut	102	24	23.9
West Beirut—Interior	79	32	41.3
West Beirut—Center	300	109	36.3
<b>Total Beirut Governorate</b>	<b>481</b>	<b>165</b>	<b>34.30</b>
Inner East Beirut Suburb	299	85	28.3
Outer East Beirut Suburb	86	25	28.6
Inner Southern Beirut Suburb	340	102	30.1
Outer Southern Beirut Suburb	32	7	20.7
<b>Total Beirut's Inner and Outer Suburbs</b>	<b>757</b>	<b>219</b>	<b>28.93</b>
<b>Total Mount Lebanon Governorate</b>	<b>464</b>	<b>91</b>	<b>19.6</b>
<b>Total North Lebanon [Lubnan al-Shamall] Governorate</b>	<b>523</b>	<b>66</b>	<b>12.6</b>
<b>Total South Lebanon (without Hasbayya)</b>	<b>421</b>	<b>83</b>	<b>19.7</b>
<b>Total Al-Biqā' Governorate (with Hasbayya)</b>	<b>405</b>	<b>57</b>	<b>14</b>
<b>Grand Total Lebanon</b>	<b>3,061</b>	<b>681</b>	<b>22.2</b>

Source: "Displaced Persons Situation in 1987"; a study by the St. Joseph University-Laval University.

**LIBYA**

**Eighth Anniversary of Oujdah Unity Treaty Noted  
LD1508095292 Tripoli JANA in English 1444 GMT  
13 Aug 92**

[Text] Tripoli, 13 Aug (JANA)—Today is the eighth anniversary of the signing of the unity treaty of the Oujdah which came as a result of the national efforts embodied in the great al-Fatih revolution, since its onset in September (Al Fatih) 1969.

On the 13th of Hannibal [August] in 1984, the treaty to establish the Arab-African union was signed between the Great Jamahariyah and sisterly Morocco. The treaty was then ratified by the Basic Peoples Congresses and this ratification was then drawn up in the General Peoples Congress at an extraordinary session in the Great Jamahariyah. Furthermore, the treaty was approved by the Moroccan people in a referendum drawn up by King Hassan II. All the different political parties in Morocco as well as the general population lent their support to the treaty. To demonstrate this support, popular processions were held in both countries in support of this unifying act.

The Oujdah treaty laid the groundwork for a climate of unity which paved the way for the establishment of the Arab Maghreb Union as a crucial step towards achieving widespread Arab unity.

### Writer Critical of Arabs Held for Questioning

NC0308183292 Cairo MENA in Arabic 1549 GMT  
3 Aug 92

[Text] Tripoli, 3 Aug (MENA)—MENA has learned that Muhammad al-Mirghani, one of the writers of the recent articles published in the Libyan papers AL-JAMAHIRIYAH and AL-ZAHF AL-AKHDAR that were critical of the Arab states for its position toward Libya, was referred to the Libyan Press Prosecution Office for questioning. MENA also learned that nine lawsuits were filed by Libyans against the two newspapers for publishing these articles, which they allege are harmful to Libya's relations with Egypt and other Arab countries. It is worth noting that al-Mirghani is not Libyan.

## MOROCCO

### Economic, Political Marginalization of North Seen

92AF1046A Casablanca AL-ITTIHAD AL-ISHTIRAKI  
in Arabic 7 Jul 92 p 6

[Article by 'Abd-al-Qadir al-Haymar: "Northern Provinces—Important Resources Exposed to Waste and Destruction Because of Policy of Marginalization and Blockage; Land Ownership—a Blessing Turned Into a Curse"]

[Text] The northern region's modern history testifies that the region's soil has been soaked on more than one occasion with the blood of its innocent children. While it is easy to explain the reasons and motives for the death of hundreds of people during the period of confrontation with Spanish imperialism, how can one explain the fall of dozens of innocent people in the age of independence?

Because of its strategic location and abundant natural and human resources, the northern region has attracted and continues to attract many covetous glances. While Spanish imperialism wagers on subjecting the wrested cities of Ceuta and Melilla, as well as the Chafarinas Islands, to its influence forever, a number of multinational corporations now are preparing to extend their influence in the region and are strengthening their pressure on Moroccan officials to induce them to submit to their terms. With foreigners thronging to the region to such an extent, what can justify the policy of marginalization and blockage that government policy has practiced toward the region for 30 years?

### What the Regional Division Has Not Hidden

In the first years after independence, the late Mehdi Benbarka supervised the building of the Unity Highway.

Although work conditions then were very difficult, the arms of young volunteers from various parts of Morocco were stronger than the rock. This highway will remain the best witness to how the nationalist movement always treated the northern regions on the basis that they were an inseparable part of the homeland and that the public interest required opening new communications arteries and giving free play to energies to participate in comprehensive development. In this process, building the Unity Highway, embarking on the anti-illiteracy campaign, and making women participants in public affairs were but specific aspects of a totality of means that the nationalist movement adopted to reintegrate the country's northern regions into their natural milieu. Why did succeeding governments abandon this outlook? Why did they abandon the steel plant project? Why did they neglect the rail line linking Nador with the national network? Why did they neglect many roads? Why did they abandon completion of many development projects? Why did they encourage the spread of illiteracy, unemployment, diseases, and epidemics? Why did they hasten to fire live bullets to confront the smallest protest movements?

Some may hasten to say that government policy incorporated the northern territories into the national economic fabric and that by virtue of the current regional division this policy has been able to create a kind of balance between regions. Yet, can proponents of this argument explain the statistical disparities between cities belonging to the same region?

For example, in the North Central Region can they explain the disparities between Al Hoceima and Fes? In the Northwest Region can they explain the disparities between Tetouan and Rabat?

One might accept the logic of this division and consider it an attempt to strengthen communication between the northern regions that had been subject to Spanish imperialism and the neighboring cities that had been subject to French imperialism; however, reality testifies that successive governments, not satisfied with depriving the northern region of projects to facilitate communications, neglected even the achievements that Spanish imperialism left behind. How many villages became isolated from the world after the roads to them decayed! How many development projects were abandoned! Indeed, how many productive companies were forced into bankruptcy!

In 1909, during the Spanish protectorate, a company named "The Spanish Company for Mines of the Rif" came into existence in Nador. At the beginning of the sixties, it had nearly 3,000 workers. They were employed particularly in the mines of (Oueksan) and (Situlazar).

In 1968, the company became subject to the Moroccanization law. Its name became "Sif-Rif," and the number of its workers decreased to about 1,300. In 1970, construction of an iron refining plant was begun in (Situlazar). Its completion at the time required about 15

billion centimes [150 million dirhams], and it was considered the premier refining plant in Africa. Although work on it did not end until about 1977, it ceased producing a number of years ago. Does Morocco no longer need it, or does its exploitation as an pretext for plunder exempt it from being used as an effective tool in correcting the course of the economy and as a means to stop the worsening signs of decay that most northern regions are exhibiting?

The driving of productive companies to bankruptcy was not restricted to large companies such as Sif-Rif or others; it included even some processing units. In this regard we need only refer to how about two months ago in the city of Al Hoceima we came across three work yards for constructing buildings in place of processing companies.

Studies have confirmed that the proportion of the total Moroccan population living in the North Central Region decreased from 11.88 percent in 1980, to 11.64 percent in 1984, then to 11.51 percent in 1987—a 0.37 percent decrease over approximately 17 years. The city of Fes, which saw a 0.06 percent increase during the same period, is an exception. The other provinces belonging to the same region saw decreases: 0.15 percent in Taza, 0.18 percent in Tetouan, and 0.05 percent in both Boulmane and Al Hoceima. In the Northwest Region, whose population in comparison to the total Moroccan population rose by 0.55 percent during the same 17 years, the rate of the northern cities belonging to the same region was very weak compared to the overall rate. It rose by only about 0.05 percent in Tangier, while in Tetouan it dropped by 0.04 percent, and in Chichaouen by 0.01 percent. Nador Province, which belongs to the Eastern Region, saw an increase of 0.14 percent during the same period—the highest rate in the region, which also includes the provinces of Figuig and Oujda.

How can we explain these changes that have occurred in the population figures of the northern provinces compared with the total population? Why has decrease remained the essential feature of these rates, with an increase of a mere 0.05 percent in Tangier and 0.14 percent in Nador? Did these changes accompany clearly marked economic and social choices? Why was an increase recorded only in the provinces of Tangier and Nador?

The decrease in the percentage of population of the northern regions compared to the total Moroccan population was an inevitable result of the policy of blockage and marginalization that successive governments practiced. People are naturally inclined to cling to their roots; however, if it becomes difficult for them to insure a minimum of life's necessities, they are forced to migrate to areas that will insure them a better life. The above figures might have shown a decrease several times greater than was actually recorded, but family solidarity acted as a powerful brake. This becomes evident during summer vacations, when the pattern of life in the

northern regions changes because of the return of emigrants to their places of origin. It is instructive to note here that the power of this brake has itself undergone a decline in recent years because of the extortion and harassment the emigrants have suffered whenever they tried to invest their money in their places of origin or in the neighboring cities. As a result, some of them have sold their properties in the north at very low prices and have bought alternative properties in their host country.

### Which Projects?

Why does this situation not apply to the provinces (or rather the cities) of Tangier and Nador?

How we should like to say that the reason lies in the development achievements that have been realized! But where are these achievements, for us to espouse such a position? Even what has been accomplished—can it guarantee the stability of the population or its increase? Sadly, we are forced to say that the specialness of these two cities derives from their location and their role in trafficking in drugs and smuggled goods. This applies to a lesser extent to the city of Tetouan, which is close to occupied Ceuta. However, this does not prevent one from saying that the benefit to the northern regions from smuggling and the drug trade is restricted to enterprises connected with money laundering. Among their results are a rise in real estate prices and competition between smuggled goods and domestic products, with all the repercussions these things have on the standard of living and the social conditions of the classes with no connection either to smuggling or to drugs.

The northern regions have the qualifications that would enable them to compete with the regions facing them across the Mediterranean. However, the government policy that has been followed has greatly decreased the role of the available basic installations and has afforded all the opportunities for the well-off to accumulate wealth at the expense of the popular classes connected with the productive sectors.

On the one hand, the ports of Tangier, Al Hoceima, and Beni Ansar at Nador have remained unable to compete with the ports of the occupied cities of Ceuta and Melilla. In the area of transportation, the Moroccan ports lack lines linking them to each other. All indicators show that construction of such lines has become essential, especially during the summer, when the existing road network cannot absorb the traffic and guarantee the safety of its users. In the area of fishing, the weakness of the available facilities discourages foreign boats and ships from making use of the services available at these places. Indeed, many boats registered in Moroccan ports prefer or are forced to dock at the ports of Ceuta and Melilla. Although seamen have repeatedly demanded that Moroccan ports be equipped with everything needed to insure their safety and guarantee that their boats can be provisioned with whatever they need to carry out their

jobs, these demands have not penetrated the ears of the people who have enough authority to implement the decisions they make.

The port in the tourist village of Arkmane, which in colonial times saw vigorous activity and strengthened the economic and tourist activity in the region, has turned into ruins surrounded by garbage heaps in the age of independence. The halting of work in the port has helped isolate the village, which is linked to the outside world by a single narrow road so neglected that the people of the area describe it as "death's road."

### Potentials Wasted

The potentials of the northern regions are not limited to maritime resources such as ports, fishing, and beaches, but include many vital areas. In this regard, one can stress the vast areas suited for agriculture with which these regions abound. One can also stress the important quantities of water that could raise the standard of living if these important resources were exploited properly.

The tragedy of agriculture in the northern provinces is not only the result of the behavior of a few profiteers who have been able to turn much agricultural land into pleasure farms; it is basically the result of the relations imposed on workers in the agricultural sector. We find that this class, which officials should be providing with all necessary means to remain in the village community, is exposed to neglect and even to extortion and harsh treatment. Because the relationships that characterize a community differ from region to region, we will content ourselves in this presentation with discussing some of the torments suffered by farmers in the Zaio region. We have chosen this particular area because it abounds in fertile land and large areas of watered fields, and in addition it has a beet sugar factory; yet its farmers have come to feel that their ownership of land, which they once considered a blessing, has become a curse for them. Having done all they could to improve the yield of the olive and apricot crops, they are now complaining that officials ignore the problems that hinder them. Last year, for example, the olive trees were afflicted with a sickness they call "the fly." The farmers were convinced that treatment could be done only by airplane, but, although they made many complaints, the officials did nothing at all. Another of their basic problems is the absence of buyers, so that the apricot crop often spoils before it is sold. Nevertheless, their problems related to olive and apricot growing remain easier than the ones related to sugar beets. This crop, which demands the farmer's constant presence throughout the growing season, has become very costly because of increased prices for fertilizers, pesticides, and irrigation water and because of the high labor costs. Yet the harvested beets sometimes remain exposed to the sun for an entire week, awaiting transportation to the factory. Even when they are transported, the farmer does not have the right to accompany his crop—so as to be surprised that the percentage of damaged beets deducted from the weight amounts to 7 or 8 percent, sometimes more. Even these damaged beets

are sold to the producing farmer at a very high price. Another surprise for the farmer is that percentages of sugar content in the same field can vary between 11 and 16 degrees; yet the selling price for sugar beets has remained fixed for many years.

While officials ask rural residents to stop migrating to the cities, what have these officials prepared for them to guarantee that they remain in acceptable living conditions? Let us consider the following examples:

In Oulad Yahia circle, Tit division, Segangane locality, residents collected a sum of money set at 1,000 dirhams from each house to link up to the electricity network—to no avail. Because the water is brackish and the officials, because of personal fights, do not work to fill the cistern, the rural residents find no alternative to migration.

In Farkhana, opposite Melilla, one can say that 60 percent of the commune's area now lacks electricity, after having been electrified under the colonial regime; yet the commune is not listed in electrification projects until 1994. The drinking water supply is another difficult problem from which the residents suffer.

In Had Rouadi, except for a very small minority of the fortunate, the majority of residents experience difficulty in obtaining water and lack electricity. Sewers and the channels of the (Oued El Har)—even raising these issues would be wasted breath.

We have focused on the water and lighting problem in the rural communities of the northern region because we are convinced that the lack or shortage of these things entails undesirable consequences for the health of the population. To clarify the picture, here are some data we obtained about a year ago about one of the circles in the northern provinces: Segangane district, population 106,000. The district includes three caidat and five communes, but it has only one health center and four clinics supervised by one doctor and about 20 nurses. The region suffers from the prevalence of diseases related to economic conditions and malnutrition, especially water-related diseases (skin diseases, digestive tract diseases, chronic diarrhea, typhoid, and cholera). In the absence of basic installations, water collected in cesspools seeps into the wells. One campaign led to the closure of about 47 wells, even including "Antonio's Well" with its abundant water. Although supplying Nador Province with drinking water cost about 16 billion centimes [160 million dirhams], water pollution during rainstorms has led to water cutoffs lasting several days to customers. This has led to stagnation and the breeding of germs. Several deaths and cases of severe diarrhea, possibly due to cholera, have resulted. This in relation to drinking water; as for irrigation water, one can say that some people irrigate their fields from the channels of (Oued El Har), although they know that the crop will thereby be exposed to disease.

Deteriorating health conditions do not involve Segangane alone. Studies confirm that average spending on the northern provinces, compared to total spending in Morocco in the area of public health, declined as shown in the following table:



Province	1980	1984	1987	1980-87
Al Hoceima	1.30	1.17	1.17	-0.13
Taza	1.89	1.93	1.72	-0.17
Chichaouen	0.59	0.71	0.72	-0.13
Tangier	2.16	2.00	2.03	-0.13
Nador	1.66	1.51	1.24	-0.22

### What Future?

Now that we have reviewed some of the data that confirm that the northern regions have been and still are subject to marginalization and blockage, is there at this moment when we hope to strengthen relations with the other shore of the Mediterranean basin anything that suggests that the future of the northern provinces will be better than their present and past? Let us put aside overly optimistic official speeches, and let us examine the reality of the region's young people on whom responsibility as breadwinners will devolve in the coming decades. Have we prepared them fully? Have we compensated them for the deficiency of which they complain in the areas of nutrition, medical care, proper housing, and other violated rights? In any case, the northern provinces' lack of economic projects certainly should not lead to depriving the residents of these provinces even of education and remedial education. We say this because thousands of children are forced to stop going to school at an early age, not because they did not excel at their studies, but because their areas of residence are many kilometers away from the educational institutions that are supposed to accept them. It is truly sad for us to find that thousands of the children living in the northern regions stop school immediately after finishing primary education. In provinces where the number of preparatory and secondary schools is very small, what shall we say about university education? What shall we say about an education policy that provides not one college for more than half a million people who live in the 6,130 square kilometers of Nador Province?

Closing all the doors in the face of young people is what has pushed them to turn their faces toward the sea. Whereas those who emigrated in past decades succeeded in gaining some sort of stability and confidence in the future, even the doors of Europe have been shut in the face of the present generation. Having been so harmed by marginalization, they sometimes prefer death to living a life that is entirely tedious routine and deprivation of the most basic rights. This generation, that risks its life facing the waves of the sea in order to depart for a foreign society that it knows in advance will receive it with every manifestation of racism and contempt, is the same generation that successive governments have confronted with live bullets, trials, and imprisonments, instead of responding to its legitimate just demands. Do officials intend to do without the area's young people in the projects they claim they will accomplish for the northern provinces? If the answer is no, what is preventing them from formulating a real development

policy based on mobilizing all energies to participate and on respecting the will of the population?

### SUDAN

#### Sudan Seen Losing 1 Billion Dollars in Aid

92AF1159B London AL-WASAT in Arabic  
27 Jul 92 p 9

[Article by Salah 'Abd-al-Rahim]

[Text] Sudanese Finance Minister 'Abd-al-Rahim Hamdi admitted that his country had lost more than \$1 billion in foreign aid in the last two years as a result of the embargo set on Sudan. The minister said that some large countries—which he did not name—were responsible for that, either by halting aid to Sudan, by intervening to stop multilateral aid from regional organizations such as the European Common Market, or by halting aid from organizations of which Sudan was a member. The latter was done through pressures that sometimes succeeded and other times failed because Sudan kept its commitments towards these organizations.

#### Exports Encouraged by Industry Minister

92AF1159A London AL-HAYAH in Arabic 12 Aug 92  
p 10

[Interview by: 'Abd-al-Raziq Bashir; place and date not given]

[Text] The Sudanese Industry Minister Dr. Tag-al-Sir Mustafa told AL-HAYAH that Sudan's diverse conditions called for a complex and flexible industrial strategy that necessitates providing import alternatives, and encouraging exports. This strategy also requires the adoption of capital intensive investments in both high-tech and intermediate projects.

He added that the agricultural sector comprising agriculture, forestry, pastures, animal husbandry, fisheries, renewable resources, manufacturing, crafts and agricultural infrastructure was the leading economic sector and the primary mobilizer of economic and social development in Sudan.

He also said that the manufacturing sector in Sudan acquired its developmental role and strategic importance through its contribution to the great agricultural resurgence. Besides processing agricultural products and waste products, industry also provided the agricultural

sector with fertilizers, pesticides and different chemicals, agricultural machinery and tools, equipment for soil preparation and other products.

He added: "Had it not been for this magnificent role of manufacturing, agriculture would have regressed to previous eras of meager economy, low productivity and produce damage through pestilence."

He also said: "Through transforming raw mineral materials into manufactured goods, manufacturing plays an important role in developing the mineral resources sector. Besides, commercial exploitation of Sudanese oil will hopefully greatly develop both the agricultural and mineral resources sectors. Oil exploitation will also give a surge to manufacturing, helping it carry on with its complimentary role of developing both the agricultural and mineral resources sectors."

Regarding the aims of the manufacturing strategy in Sudan, the minister indicated that his ministry had embarked on an initial short-term program aimed at giving great priority to providing the big industrial regions with infrastructure such as roads, sewers, water supply, power, electricity, transportation, fuel depots and customs store houses. This program also gives priority to the use of idle capacity in manufacturing projects by providing these projects with needed inputs such as raw materials, spare parts and fuel; and also by removing obstacles to production; and by adopting effective financial terms to enable full capacity production. The program further gives appropriate priority to both vertical expansion, renovation and replacement projects; and to productivity, economic efficiency and quality improvement projects. At the same time it does not neglect horizontal expansion.

The minister added that the primary short-term industrial program in Sudan is linked to policies of overall economic reform and privatization.

The minister also indicated that the adopted policies should provide better opportunities for both private investments and investments from friendly countries. They should also provide opportunities for the establishment of different kinds of private sector investments involving people from almost all social strata. Examples of such investments would be joint stock companies, cooperatives, small manufacturing projects and family ventures. The minister also said that the manufacturing public sector should be freed from restrictions and bureaucracy. The best industrial management methods should be adopted. Prices of manufactured products should be freed from administrative restrictions and monopolistic pressures, thus allowing for the mechanism of competition to function.

Regarding the different groups of manufacturing in Sudan the minister said that the food industries would be developed so that Sudan could attain self-sufficiency, and have some surplus food products for export.

In the engineering arena, Sudan will concentrate on manufacturing small-scale machinery, tools, and spare parts. It should attain self-sufficiency in the production of batteries, in the welding industry, in the production of cooling systems, gases, agricultural machinery, irrigation equipment, and in the assembly of electronic appliances (radios-communications-calculators). Sudan would also manufacture electrical equipment such as adapters, cables, and aluminum wires. Chemical industries, textiles, leather products, shoes, oils, soap, and other small-scale industries were also expected to be developed.

Dr. Tag-al-Din Mustafa emphasized the fact that political stability in Sudan greatly contributed to development in investments. He further indicated that conditions had become favorable for the investment sector ever since Sudan abolished restrictions that hindered investment, and established economic incentives to attract national and foreign capital.

The Sudanese minister ended his talk by saying, "The slogan of 'we eat what we grow and we wear what we produce' has proven true in the case of food products. Moreover food products have even started to be exported to various countries."

### Stock Market To Open in Three Months

92AF1159C London AL-HAYAH in Arabic  
13 Aug 92 p 10

[Article by Salah 'Abd-al-Rahim al-Amin]

[Text] Sudan's Finance Minister inaugurated the new stock market the day before yesterday. A delegation of International Monetary Fund experts attended the ceremony. The Governor of Sudan's Central Bank Al-Shaykh Sayid Ahmad told AL-HAYAH that the stock market would start its operations in about three months. He said that during the six months following its opening it would function as two stock markets, one for stocks and financial securities, and the other for agricultural commodities.

The governor indicated that Sudan had contacted the UN Development Program and the World Bank in order to obtain necessary technical assistance for the stock market. He said, "The commodities market, to be established, might trade in some local products such as cotton and gum arabia on international markets".

The director of the stock market Al-Sayid 'Ali 'Abdallah 'Ali told AL-HAYAH that the stock market would start its operations three months following the completed installation of engineering equipment and domestic and international communications networks.

A senior officer at the stock market indicated that the new market building comprised three large halls and 60 company and bank offices, all equipped with facilities for domestic and international communications. It would also be provided with an international communications network to link it with markets and financial

organizations. This network would function through the Arab satellite "Arabsat", or the international satellite "Intelsat".

#### Monitoring Customers

The same officer said, "In the market halls are closed circuits that monitor and record all customers' telephone calls. Moreover, customers will not be allowed to leave the market before it closes at the end of the day, so that trading with information can be controlled".

He mentioned that there would be about 70 employees in the stock market. He also stated that the stock market would be provided with two IBM AS/400 computers, worth about \$4 million. A request to finance those computers had been submitted to the World Bank.

He further indicated that the stock market would be established as a private company, and that banks would subscribe to it. However, companies with less than 100 million Sudanese pounds in capital would not be allowed to submit their shares for trading in the market. He mentioned that lowering the value of the Sudanese pound necessitated the reevaluation of the shares of most companies and the imposition of guarantees on brokers trading in the market.

### UNITED ARAB EMIRATES

#### Power, Desalination Project To Begin

92AE0472A Dubayy AL-BAYAN in Arabic 10 Jun 92  
p 4

[Unattributed article: "Al-Tawila Station Desalination Units the First of Their Kind in the World"; "Project's Electrical Capacity Sufficient to Meet Abu Dhabi's Needs Till the Year 2000"]

[Text] In compliance with the directives of the head of state HH Shaykh Zayid Bin-Sultan Al Nahayan, and HH Crown Prince of Abu Dhabi, Deputy Chief Commander of the Armed Forces and Chairman of the Executive Council Shaykh Khalifa Bin-Zayid Al Nahayan, the Abu Dhabi Water and Electricity Department continues working on the colossal al-Tawila Seawater and Electrical Power Generation Project. This project is being carried out to meet all future expansion and population growth needs of the country in the forthcoming years, and in realization of the nation's and citizens' varied developmental and welfare aspirations.

In an interview with the Emirates News Agency, on the occasion of initiating Phase Two of the al-Tawila Project with the signing of the relevant contract last Sunday, deputy chief of the Water and Electricity Department Ju'a'an ibn-Mubarak ibn-Fadil al-Mazru'i said that the location of this huge project, on the al-Tawila Peninsula some 70 kilometers from the city of Abu Dhabi traversing the Dubayy Road, was chosen because it is geographically central to the other emirates, and also

because urban expansion and population growth in Abu Dhabi is expected to spread to this area and beyond in the near future.

Ju'a'an al-Mazru'i further added that preparation for Phase One of the al-Tawila Desalination and Power Generation Project had begun in 1983, and that actual implementation had begun in 1985.

He pointed out that Phase One included the readying of three General Electric-manufactured gas turbines, each with an 85 megawatt capacity, for a total of 253 megawatts, in addition to three turbine exhaust-operated boilers, and three seawater desalination units, the latter with a capacity of 7.2 million gallons each, for a total production capacity of 21.6 million gallons of potable water daily.

The deputy chief of the Abu Dhabi Water and Electricity Department stated that Phase One turbines were of American manufacture, the boilers of German manufacture, and the desalination units provided by French firms.

He pointed out that Phase Two of this project was submitted for general tender in November 1989, leading up to the official signing of the implementation contract of this phase by the chairman of the Presidential Council and chief Head of the Abu Dhabi Water and Electricity Department HH Shaykh Surur ibn-Muhammad Al Nahayan and the representatives of a number of specialized multinational firms for the sum of six million UAE dirhams, to be implemented within 43 months.

He revealed that these intensive negotiations succeeded in pinpointing many requirements, as well as in selecting the manufacturers of the electrical and control equipment, the pumps and the boilers from among the best German firms meeting the approval of the prime contractor.

This phase encompasses the construction of a desalination station with six units having a capacity of 12.2 million gallons each to be completed by a specialized Italian firm. Another Italian firm will accomplish all installation work at the site, while a Belgian firm will assume responsibility for all the required civil facilities.

Ju'a'an Fadil [al-Mazru'i] mentioned that what was novel about this important phase of the huge project was its inclusion of seawater desalination units considered the first of their kind in the world to date with regard to capacity, with a capacity of 12.2 million gallons each, for a total of 76 million gallons of water daily. This volume is equivalent to the present day consumption of the city of Abu Dhabi.

He stated that, their installation by the prime contractor constitutes a major scientific precedent in realizing the economic and practical advantages of this grand project.

The first unit will be put into effect after 33 months, and the last after 43 months.



With regard to power generation during Phase Two of the project, the deputy chief explicated that it was established that 732 megawatts be produced, with a possibility of 867 megawatts at peak times and during occasional stoppage of desalination units during the summer. He mentioned that it was thereby possible to meet all future needs of the Abu Dhabi Emirate up to the year 2000, on the basis of a forecasted approximate 10 percent increase in consumption of electricity and water due to urban expansion, in addition to the continued expansion in agriculture.

He pointed out that Phase Two encompasses the construction of six power generating units, each with 12 megawatt capacity which may be increased at peak and special times to 146 megawatts. Ju'a'an al-Mazru'i emphasized that the Department had succeeded, through fortune granted by God, in choosing the most suitable materials for Phase Two of this colossal project, and by virtue of the existence of detailed and sophisticated studies and specifications undertaken by a specialized group of experts and engineers at the Department, a group possessing extensive power generation and seawater desalination experience in similar major undertakings at the al-Tawila, Beni Yas, and Umm al-Nar sites. Thus it was possible to utilize excellent know-how in the choice of materials and control equipment that were eminently suited to the climatic, environmental and operational conditions encountered during summer and winter.

In this connection, he mentioned that the gas turbine station at the Umm al-Nar region in the east had continued to produce at its present day rate for 15 years since its inception. The same could be said for a number of desalination units which were modified to achieve higher rates than those for which they were designed, such as the al-Tawila "A" plant, whose existing daily production rate had reached eight million gallons of water, despite an initial rate of 7.2 million gallons.

He said that this was due to periodic and skilled maintenance and follow up, for which the Department has a team with highly relevant experience whose responsibilities encompass the anticipation of potential problems by systematically and precisely monitoring gauges and control equipment.

## WESTERN SAHARA

### Foreign Press Responds to Hakim Defection

92AF1187B Casablanca L'OPINION in French  
15 Aug 92 pp 1, 3

[Summary of reports in foreign press: "Brahim Hakim's Return: Wide Coverage in International Press"]

[Text] Brahim Hakim's return to the mother country after a 20-year absence triggered widespread news reports, reactions, commentaries, and analyses in the international—particularly French and Algerian—press.

## LIBERATION

In its Thursday edition, the Paris newspaper LIBERATION says that His Majesty "King Hassan II has scored another point."

"Even though some militants have let it be known that Brahim Hakim is not an 'official' in the hierarchy of Polisario [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro], since he reportedly is not a member of the... Executive Council, there is no doubt that his defection is a hard blow for the movement," the newspaper goes on to say. It devotes a full page to an article on the subject by Gilles Millet.

In LIBERATION's opinion, the "resignation" by the former head of diplomacy in the "SDAR" [Saharan Democratic Arab Republic] will further isolate Polisario, which for months has been unable to persuade the United Nations to make an effort on its behalf.

After recalling the various legal quarrels that have delayed the referendum, especially the controversy over what constitutes the electorate and the resignation by the former UN representative for Western Sahara, the journalist says that the peace plan "is at a standstill." "This certainly does not displease Moroccan authorities, who are taking advantage of the worsening situation to try to strengthen their position on the military and diplomatic fronts."

"Doing so is all the easier for Hassan II in that Polisario's traditional ally, if not its historical instigator, is Algeria, and Algeria is behaving in a much friendlier manner than it has in the past even though officially it still supports the Saharan cause."

Another element working in Morocco's favor, according to the journalist, is the attitude of the Americans and Europeans, who, being "satisfied with the stands taken by Hassan II during the Gulf war and the crisis with Libya...are remaining very quiet" and "are not very active in defending the Saharan cause."

To illustrate his remarks, Gilles Millet points out that during his recent visit to France, Mohamed Abdelaziz "was ignored by the Office of the President and the Ministry of Foreign Affairs, since no important representative of either office would agree to meet with him."

"After isolating Polisario internationally, Hassan II is now doing his best to divide it. Brahim Hakim's defection proves that he is succeeding."

The other Paris dailies were content to summarize the event as reported by the press agencies under the headlines "Dramatic Turn of Events in Western Sahara" (LE QUOTIDIEN DE PARIS), "Return by a Polisario Leader" (LE FIGARO), and, "Brahim Deserts" (L'HUMANITE).

### QUOTIDIEN D'ALGERIE (Independent)

The newspaper devoting a page and a half to the event in question describes the decision by Brahim Hakim, who is "dropping Polisario in response to Hassan II's appeal," as "a dramatic turn of events."

"Among newspaper editors in Algiers, he was known as the playboy because of his silk neckties. The SDAR's ambassador in Algiers, Brahim Hakim was also nicknamed the 'hawk' because of his very tough stands with respect to King Hassan II. Now, acting with the greatest discretion, he has returned to what he now calls his 'homeland'—Morocco—from Algiers. What a shock, and one that leaves Saharan authorities—or the few that are left—without a spokesman in Algiers," writes the newspaper under the headline, "The Ambassador Packs His Bags."

The newspaper notes that Brahim Hakim "abandoned his cause at the moment when the emissary from the United Nations for Western Sahara, Yacoub Khan, had just picked up his peacemaker's staff once again to restart a plan that had fallen behind schedule.... Brahim Hakim chose that exact moment, the crucial moment, to answer 'the call by his king' and return to 'the mother country.'"

In a commentary devoted to the subject and published on the newspaper's inside pages under the headline, "What Consequences?" (of Brahim Hakim's defection), Nouredine Khelassi, a former reporter for the press agency AFP, wonders: "Does Hakim's return to Morocco following that by Omar Hadrami mean the 'disintegration' of Polisario; as some Moroccan politicians have emphasized?" The journalists answers his own question: "Nothing is less completely certain, although one must be careful not to minimize the real meaning and impact of a defection as important as that of Hakim." He also says that Brahim Hakim's return to Morocco "is not insignificant, although it is not likely to cause the stir engendered by the more spectacular defection by Omar Hadrami." He points out that the defection by the SDAR's former ambassador to Algiers "comes at a time when Algeria, while not yielding on the question of principle, is now favoring the UN solution and focusing its full attention on strengthening the 'domestic front.'"

### AL-KHABAR (Independent)

In its Thursday edition, AL-KHABAR reports Brahim Hakim's return to Morocco on its front page under the headline, "Saharan Ambassador to Algiers Joins Morocco—Labbayka Sahiba Al Jalala." And it fills nearly half its front page with photographs of the king and the SDAR's former ambassador to Algiers. But it is on the back page that the newspaper comments on Brahim Hakim's decision to return to the mother country, a decision that "places the king in a very comfortable position and buries beneath the desert sands everything that Polisario has undertaken since 1974."

AL-KHABAR points out that his decision "comes at a time when all events are moving toward a strengthening of the king's position and his ideas concerning the region's future." "The position occupied by Brahim Hakim in the Polisario hierarchy shows that his decision constitutes a hard blow for that movement, which was convinced that establishment of the Saharan Democratic Arab Republic on Saharan soil was only a matter of time and that the referendum would be merely a formality."

"But reality differs completely from the convictions held by the Polisario leadership, which since implementation of the UN peace plan began has found itself confronted with a fait accompli planned very precisely by the king, who has forced it at every step of the way to come up with verbal justifications that have had no effect in the field."

"Regardless of Polisario's attempts to minimize the effects of Brahim Hakim's 'return to the mother country,' the man's rank will not put the front and the republic in a comfortable position, and it might be the prelude to other similar decisions that would end up turning the Saharan conflict into a cause with no leaders as well as shortening the conflict that has shaken the region since the mid-1970's...the result would be that everything could change in the Arab Maghreb except the king and his throne."

### EL WATAN (Independent)

The newspaper that has accustomed us to long commentaries on the least important news concerning Morocco or the Saharan issue seems—perhaps from disappointment—to assign only very relative importance to this event. Although it does announce the event on its front page with the headline, "Polisario: Brahim's Defection," it carries the actual story on page 12, where it reports Brahim Hakim's statements upon his arrival in Morocco and prints his photograph.

The other daily newspapers printed press agency dispatches without comment:

EL MOUDJAHID (government owned) printed an agency dispatch on its front page: "Former Polisario Front Leader: Brahim Hakim Goes Back to Morocco."

L'OPINION (independent) reported the news in a red-bordered box on page 1 under the headline, "SDAR: Minister of Foreign Affairs Brahim Hakim Goes Over to Morocco," saying that he had told the press it was "a carefully thought-out decision." The newspaper printed an agency dispatch on its last page.

LIBERTE (independent) printed a dispatch from the press agency APS on its front page with a photograph of Brahim Hakim: "Western Sahara: Brahim Hakim Flees to Morocco."

SALAM (government owned) printed an APS dispatch on its front page: "Brahim Hakim Surrenders."

**LA CROIX (French Catholic Daily, Yesterday's Edition)**

In an unsigned article, the daily LA CROIX emphasizes that in addition to this "hard blow" suffered by Polisario, "the Saharan organization also finds itself in a position of weakness because of its growing international isolation."

According to LA CROIX, Algeria "in particular, which is grappling with difficulties of all kinds, is no longer the protector it once was, and while France emphasizes its attachment to the right of self-determination for peoples, it seems more concerned about maintaining good relations with Morocco."

LA CROIX concludes as follows: "Today, while Moroccan leaders are making an increasing number of optimistic statements, Saharan leaders are maintaining a worried silence."

**Radio London: News Report at 1630 Thursday**

The station quoted a few passages from Brahim Hakim's press conference:

"Some Polisario leaders persist obstinately in wanting to preserve their privileges while not caring about the interests of the Saharan population" and "Algeria's position has changed; the Algerian Government is advising Polisario to seek a solution to the conflict with Morocco."

The radio station also said that Brahim Hakim's defection was occurring in a difficult context for Polisario, since the UN peace plan for Western Sahara has been at a virtual standstill for several months because the parties involved disagree on how to identify individuals entitled to participate in the referendum being advocated for the region.

According to the radio station, the Moroccan sovereign seems to have taken the United Nations by surprise with his decision to hold general elections in Morocco—including Western Sahara.

**Algerian Evening Newspapers**

With a front-page headline "Defection by Saharan Official Brahim Hakim Explained," LE SOIR D'ALGERIE (independent) printed on its last page an agency dispatch concerning the press conference given in Rabat by "the former Saharan minister of foreign affairs." On that same page, the newspaper also reported the reaction by the "Saharan Ministry of Information" to Brahim Hakim's defection to Morocco.

**Hakim Return 'Repudiates' Polisario Policy**

92AF1187A Casablanca L'OPINION in French  
13 Aug 92 p 1

[Editorial by Mohamed Idrissi Kaitouni: "A Repudiation for Polisario"]

[Text] The return to the mother country by Brahim Hakim, a high official in Polisario [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro] and ambassador to Algiers from the so-called SDAR [Saharan Democratic Arab Republic], which has set itself up in Tindouf, was a significant event, and it aroused keen interest among observers.

His return comes at a time when the United Nations is trying to restart the peace process with a view to holding the referendum planned for Western Sahara in order to confirm that the recovered provinces are Moroccan. The holding of that referendum has been hindered by Polisario, which has put up more and more obstacles to ensure that the voting does not take place and to keep the matter open in order to benefit from the humanitarian aid, which certain organizations hostile to Morocco provide it with so generously and its leaders divert for their own use.

Brahim Hakim's return therefore constitutes a repudiation of the policy of lies being pursued by Polisario to mislead international public opinion.

His return strikes a severe blow at the strategy adopted by Polisario, which is continuing its illegal detention in Tindouf of Saharan inhabitants who have been deprived of their freedom and their right to express their will.

The fact that a member of the secessionist movement's political hierarchy is returning to his country after years of pipe dreams and mirages leads several observers who have been manipulated by the propaganda and brainwashing orchestrated by the mercenaries to reappraise their stands and revise their hasty conclusions concerning our prime national cause, which is our territorial integrity.

Polisario, which is disintegrating rapidly, is therefore watching its own death throes helplessly and cannot continue to go against the tide of history.

The countdown has begun, and nothing will prevent the truth from shining forth.

It is undeniable that Western Sahara is Moroccan. There is unbroken national unanimity on that question from Tangier to Lagouira, and the only thing left is for the few straying individuals still in Polisario to acknowledge that fact, which will be confirmed by the referendum that the United Nations intends to hold according to rules that were laid down by De Cuellar and are binding on his successor, Butrus-Ghali.

One must not be surprised, therefore, if other Polisario leaders return to Morocco, since that movement is doomed to disappear because it was prefabricated and built on shifting sand.

Hakim's return is a courageous, responsible, and logical act. We welcome him back among his brothers.

### Local Sahrawi on Camp Conditions, Human Rights

92AF1216A Algiers EL WATAN in French 17 Aug 92  
p 10

[Interview with Mohamed Salem Laabid by Tahar Hani: "Moroccan Regime Tries To Hide Its Genocide"; place and date not given]

[Text] Mohamed Salem Laabid is a young Sahrawi is the regional director of secondary and higher education at Smara Camp. He is also a member of the Executive Bureau of the Union of Young Saharans and AFA-PRADESA (Association of Families of Sahrawi Prisoners and Missing Persons).

In this interview, he gives us his impressions of the hellish conditions in which Sahrawi prisoners live on the other side of the wall built by the Moroccan Army. His story is not so different from that of most of his comrades. His father has been in Moroccan prisons since 1975. He has also left his family (his mother, three brothers, and three sisters), who have been living in occupied territories for several years.

No visits are allowed and even letters are banned.

[Hani] What is the present situation of the people living in the occupied territories?

[Laabid] Labeling our territory a war zone, the Moroccan regime applies special laws. The repressive action taken by Moroccan authorities can be summed up as follows:

The destruction of villages and the displacement of their inhabitants to urban centers in order to control them better; relocation of the nomadic population following the annihilation of their livestock to concentration camps alongside the cities; persecution of people who have fled the terror of occupation; the dropping of napalm and phosphorus on displaced persons' camps by the Moroccan Air Force; and Moroccan settlements by people who participated in the sadly famous "green march," which was a smokescreen disguising the military invasion of the Sahara.

[Hani] Morocco has apparently set up impressive machinery for repression. Is that true?

[Laabid] Very true. The proof: Morocco has deployed a military occupation force put at nearly 180,000 soldiers with bases, barracks, and posts covering all occupied territories. It has also built defense "walls" around all areas under occupation for the purpose of preventing any contact or the passage of Sahrawi residents into liberated zones, then completed administrative redistricting in order to ensure more effective control of the population. Consequently, ever since the Moroccan military invasion in 1975, the movements of Saharan are regulated under a system of passes and special authorizations issued by Morocco's Ministry of Interior. After 1986, this system was canceled with the exception of travel abroad, even for medical care. The Royal Army

rigorously controls travelers and prohibits the assembly of over three persons, who risk prison or disappearance if they are caught together without the presence of agents of the occupation authorities. In addition, there is a large number of agents from the various special services and intelligence departments disguised as traveling salesmen or unemployed persons or even as agents from the 2d Bureau of DST (Directorate of Territorial Security) inspectors, which is responsible for secret arrests, disappearances, torture, or the liquidation of Sahrawi citizens.

[Hani] But what do the international institutions do?

[Laabid] You know that the Moroccan regime tried in vain to isolate our people from the world and hide its criminal genocide from international public opinion, but several foreign observers have broken that silence.

As for the international organizations, they have never ceased deploring the Moroccan regime's failure to respect charters, agreements, and conventions. The United Nations has also intervened countless times with the regime in Rabat asking it to shed light on the fate of hundreds of Sahrawis who have been arrested or who have disappeared.

[Hani] Can you explain the purpose behind the creation of AFAPRADESA?

[Laabid] Confronted with the inhuman situation in which our loved ones are living in the occupied zones, the families of Sahrawi prisoners and missing persons have rallied in order to unite, coordinate their efforts, and create a legal framework through which they can make the world hear their voices and grievances on behalf of their people wallowing in Moroccan prisons. Such a movement became indispensable following the failure of individual and collective approaches undertaken by our families in occupied zones. Their rallying was crowned, on 20 August 1989, by the formation of the Association of Families of Sahrawi Prisoners and Missing Persons. A nongovernmental humanitarian organization, it is committed to respect for the principles contained in the Universal Declaration of Human Rights proclaimed by the United Nations and in the African Charter. Our association quickly tackled its task by updating lists of Sahrawi prisoners and missing persons and gathering information about their situation. It has also undertaken missions of information in several European countries and made contact with many international peace organizations.

[Hani] In general, how do they pull off the arrests and kidnappings?

[Laabid] As you know, all Moroccan authorities are empowered to arrest citizens and order their unlimited detention without trial. Kidnapings and arrests are often conducted late at night or very early in the morning in a place far from suspicious eyes.



It is easy to make accusations. One only has to be Sahrawi or have a family member in the ranks of the Polisario [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro].

[Hani] Have you spotted any places of detention?

[Laabid] First of all, you must note one thing: The Moroccan regime totally denies the existence of such prisoners and other missing persons, but our association has been able to locate several prisons, whether public or secret, where the presence of Sahrawi citizens has been confirmed, such as El-Ayoun civil prison, the Royal Gendarmerie barracks located in the old general headquarters of the Spanish Territorial Police, the CMI (mobile intervention corps) barracks, and several torture centers scattered between the cities of Smara and Dakhla, and so on.

In addition, we have received information on the degrading situation in which Sahrawi prisoners are kept. Some of them have gone four years without clothing or even anything to shave with. In addition, food is poor and often consists of canned animal food. Other sources have told us that some 40 prisoners at the Ameggouna center alone have died due to the conditions and mistreatment to which they were subjected.

## REPUBLIC OF YEMEN

### Al-'Attas on Peninsula Relations, Economy

92AE0572A London AL-SHARQ AL-AWSAT in Arabic  
31 Jul, 1 Aug 92

[Interview with Haydar Abu Bakr al-'Attas, prime minister of Yemen, by 'Abdallah Hamudah in Geneva; date not given]

[31 Jul p 5]

[Text] It was almost 0200 when I said good-bye to engineer Haydar Abu Bakr al-'Attas, the prime minister of Yemen. I shook his hand, and as he walked me to the door, Prime Minister al-'Attas said, "I wish we could have spent more time together, but we are going back to Sanaa tomorrow morning." I did not know why he was apologetic about the meeting which had started around 2200 and lasted for almost four hours. The only explanation that occurred to me was that the man who is both an engineer and a politician is also a man of good manners.

In the course of a conversation that lasted four hours various Yemeni issues were touched upon, and the situation in Yemen was surveyed through the personal and political makeup of the prime minister. There was a candid discussion of the government's experience in the southern part of Yemen after independence from Britain in 1967. At the present time al-'Attas is trying to make good use of the lessons he learned throughout his many years of experience so he can avoid making the mistakes that were made in previous stages.

We dealt with many subjects in the course of our conversation, and after all the questions and answers that were to be published were recorded, al-'Attas looked at me and said, "I do not remember talking like this before." This was the nature of the interview which proceeded in a normal manner as the conversation shifted from criticizing the excesses of the power structure in Aden and pre-unity socialist applications there, which were not suitable to the circumstances of society, to the difficult alliance between the two ruling parties and the need for it after unity. The interview also dealt with circumstances surrounding the process of building one state on modern, contemporary bases and the difficulties which are being encountered in that process.

I looked for the prime minister as soon as I arrived in Geneva, and I found him sitting in the shade under a tree near the hotel swimming pool. He had attended the Round Table Conference on Economic Development in Yemen, which was sponsored by the UN Economic Development Program and held in the Swiss city early this month. The prime minister was watching his young son, Fadi, who is no more than 10 years old, swim laps. Although Mr. al-'Attas insisted that he was on vacation, what I noticed as I observed him follow Fadi with his eyes is a sense that he was following the Yemeni ship of state as it tried to steer a course through the turbulent waters of a multitude of problems and reach the shores of safety by the early 21st century.

[Hamudah] It is natural for the conversation to start with engineer Haydar al-'Attas himself. He is seen as the political and technical expert on the Yemeni revolutionary movement in the south. Among all those in Yemen who are involved in politics and in the government, the prime minister stands out with his distinctive personality, which combines a technical, rational, and a political aspect. Can you shed light on that point?

[Al-'Attas] This is a thorny question and a difficult one, but I will try somehow to answer it. I, Haydar al-'Attas, became active in politics in mid 1960 with the onset of the Arab Nationalist Movement. At that time, the national movement in Yemen was starting to take shape. Government in the south was subject to British colonialism, and in the north it was subject to the imamate. We became involved in the armed struggle against British colonialism, and the Yemeni Socialist Party was taking shape as matters developed. I thank God that I was able to experience all the stages of the struggle, see the major event of Yemeni unity, and contribute to bringing it about.

I started my career in engineering, which I find enjoyable because it gives one an opportunity to see the results of one's work and effort. Furthermore, engineering depends on figures, and the fact that calculations in engineering allow no room for mistakes is reflected on the work itself. Engineering helped me make a careful, responsible, and realistic contribution to the struggle and to the work which had to be done in all the stages of the struggle, some of which were marked by severe difficulties.

Although the stage of the struggle against colonialism was one whose goals were specific, the stage of independence was one of the most difficult stages which Yemen experienced after the fall of the imamate in 1962.

I remember turning down an offer to work in the government that was extended to me officially in 1969. I turned down the offer because I was apprehensive and quite concerned about the responsibility that would be given to me. But at the insistence of colleagues we entered the fray of working for the state in April 1969 as minister of public works and transportation. We took part in the process of building the state in the southern section of the country. We became involved in that process, and we looked forward to the day when Yemeni unity would materialize. Our regime wanted to be based on the foundation of one country, and the National Front was struggling for one Yemen.

The difficulties of building the state in both the southern and northern parts of the country were very complicated, and the differences and disparities of opinion were profound. Consequently, the paths of both parts of the Yemeni revolution, the September Revolution and the October Revolution, were tortuous. We learned many lessons. Most importantly, we learned that we had to deal with the facts as they are, not as we want them or imagine them to be. If one can deal with the facts as they are, he would have the capability for starting to make the change that he wants to make. Aspirations were high during this period. And when one's aspirations are greater than one's capabilities, problems develop.

I worked in various state agencies, and I have been a member of the Central Committee since 1972. Before then I was in the Governorate of Aden. I served as secretary of the League of Yemeni students for three years when we were studying in Cairo. I participated in the First Conference of the National Front, which was held in Ta'iz in May 1965, as the representative of Yemeni students. We were there when everything got started; we understood all the opinions; we learned from the experience of our colleagues, our predecessors who worked and struggled before we did; and we benefited from the mistakes that were made and the problems that were created.

[Hamudah] What are the most important problems that caused the relationship between the two parts of Yemen to go through historic twists and turns? What are the most important problems that made you concentrate on dealing with the facts as they are?

[Al-'Attas] It all started with the events of August 1972 in the southern part of the country. At that time improvised initiatives for change were pending. The period of uprisings was a good undertaking, and the corrective movement of 22 May 1969 was purposeful and its general course, clear. However, the revolution was taken off course and away from the goals of the corrective movement because of the rivalry between leaders and unrealistic methods of looking at things. Economic issues were

being dealt with in an improvised manner. I found difficulty in confronting some of the issues which had not been considered, particularly the technical aspect of those issues, and that created some differences. It is not my nature to be confrontational when dealing with problems. I deal with problems calmly, as long as the same result can be achieved. It was those differences which induced Salimayn (Salim Rabi' 'Ali, the president who was killed subsequently) to form some entities outside the framework of the ministry which had been assigned to me because I would not do business in this improper fashion.

The work which was completed in various areas, in agriculture, industry, or investment, was not based on proper, scientific foundations. Society's issues are not like other issues. The most important ingredient of society's issues is dealing with people, something which is neither easy nor simple. That induced me to stay away from the unscientific way of looking at things and to avoid proposals in various fields which have not been considered.

#### The Mistakes of Socialist Application

[Hamudah] There are three questions that come under this point. The first one has to do with the appropriateness of the socialist system—as it was being applied at the time—to the problems of the southern part of Yemen where your responsibilities lay. Can you talk about this point in detail?

[Al-'Attas] The principle of bringing about social justice is a correct principle, and the struggle to bring about social justice is a legitimate struggle. But the methods which were followed to bring about social justice did not take reality into consideration. Yemen is a backward country with meager resources. It follows then that bringing about justice has to do with two questions: How will justice be brought about and for whom? First of all, it is essential that there be wealth in the country. Redistributing the country's wealth to bring about social justice can be started after a small number of people get their hands on the country's wealth.

What were we to distribute when nothing was being produced? Were we to distribute poverty? This problem exacerbated all the mistakes that were made because the situation was not right, and the method that was devised to deal with it did not put Yemen on the road to development. Instead, it made Yemen more backward, and it undermined the foundation of production. Many attempts were made after different stages to correct and remedy this situation. They included the slogans which were proclaimed after 1978 when the term of President Salim Salih expired, and a new leadership emerged. That new leadership set out to correct these differences [sic?].

[Hamudah] Are you referring to 'Ali Nasir?

[Al-'Attas] 'Ali Nasir came after 'Abd-al-Fattah Isma'il. It was our hope that this stage would mark the onset of the process of correcting the faults and defects, but that

process went astray because of the rivalry between leaders and their attempts to outdo each other. Major disputes developed, and Yemen was denied during that period the opportunity of benefiting from all the corrections that were made between 1972 and 1978 outside the framework of the law.

Although some good work was done, much was done outside the framework of the law, including, for example, the application of the Agrarian Reform Act. We were involved in proposing that objective piece of legislation. Its implementation, however, took place outside the framework of the law. Even the Housing Act, which was based on studies, was not implemented in accordance with the letter of the law. Consequently, matters became very complicated, and the major goal, namely, that of calling for social justice and bringing it about, was undermined.

Simply stated, the slogan was coined too early. It was not compatible with the objective conditions of Yemen. How can land be taken from a person who owns no more than two or three feddans? How can land be taken from such a person to be distributed to others? What is wrong with having someone living on one floor of a building he owns and renting the other floors?

#### Pluralism and Avoiding Mistakes

[Hamudah] Let me ask you another question that comes to mind here before I ask you the two remaining questions. What are the circumstances that are available at the present time which indicate that these mistakes will not be repeated?

[Al-'Attas] The conditions which both parts of Yemen experienced and went through before unity were harsh. They were most certainly experienced by all the leaders. He who did not learn the lessons of these circumstances, the lessons of the illegitimate aspirations that were proposed, and the lessons of contrived disputes will find himself at odds with the prevailing political consensus and outside the loop of objective development.

[Hamudah] And yet, the existing situation with multiple parties is opening the door to two matters that are mutually incompatible. One of them is the political oneupmanship which you are talking about, and the second is that of providing control and discipline. What is the situation that is prevalent in Yemen at the present time? Are these attempts at political oneupmanship a threat, or do discipline and mutual oversight impose certain limits on movement? Do they make people follow the regime?

[Al-'Attas] I believe that a democratic course which allows for discipline and oversight is the most important thing. Everyone would be able to express his opinions on the various choices. An exchange of opinions would take place, and actions would be carried out within the framework of the executive authority under the terms of mutual oversight. This is what will prevail in Yemen because oneupmanship is diminishing at the present

time. I can sense that. This is the approach that all Yemenis will take. The process of construction and of economic and social development is not easy and is not limited to some people. It is rather a process of real struggle, and all society must contribute to it. It is also not the responsibility of one party or of those who are in power. However, it is up to those who are in power as well as the party to set the general tendencies and define the controls. Then, everybody would pitch in and contribute to this process. After all, the responsibility of taking action lies with society.

#### The Problem of Political Affiliation

[Hamudah] Tracing the evolution of the regime after the revolution in South Yemen makes it clear that there was some delay in your taking over senior positions. Is this delay due to the fact that you were supporting the National Front during the first stage when the Popular Front had the upper hand? And yet, while the number of the National Front's political supporters decreased as they turned to other areas, your ability to persevere and to survive emerged and you held on to your positions. Then when you took over the Ministry of Public Works and then the Ministry of Housing, you stayed there for 15 years. This is considered a record. Can you shed light on that matter?

[Al-'Attas] I was sometimes dissatisfied with some actions, but my actions were always responsible, realistic, and in accordance with the requirements of national duty. That is why all the parties at that time put Haydar al-'Attas in the center. I believe that was a proper position. When an opinion is called for, one should present his opinion in a responsible manner. I am not one to engage in oneupmanship, and I do not wish to outdo others. It was because of oneupmanship and conflicts that are not objective that we had problems with every period of change, when people took office in the party or in the state.

[Hamudah] Did the fact that you joined the National Front slow down your movement into top-level positions?

[Al-'Attas] It most certainly did. I used to express my opposition and make my opinion known on many of the measures that were being carried out under radical, left-wing slogans. This is what always stood in the way of Haydar al-'Attas.

#### The Relationship with al-Bayd

[Hamudah] It seems that your role and what you were proposing started to surface after the technical aspect came to be in serious demand. This is particularly true since there is a close and strong relationship between Haydar al-'Attas and 'Ali Salim al-Bayd. It were as though these men were twins: one has a political side, and the other a technical one.

[Al-'Attas] We went to the same schools since middle school in 1951-1952, and each one of us is affiliated with

one of the districts of the Governorate of Hadramawt. We continued to have a good relationship despite all the circumstances and the changes. Although the nature of that relationship differed in certain stages—and that is normal—it was not subject to upheavals like politics was. We did manage to control that aspect of our relationship, and that is why politics did not affect our relationship.

[Hamudah] You are perceived to be together, however: he plays the political role and you play a technical one. You somehow complement each other, and that relationship has developed over the years. Is that true?

[Al-'Attas] We do work together extensively, and we understand much about each other. Each one of us has his own capabilities and potential, but the rules of friendship which were established in the early fifties made us brothers and colleagues.

[Hamudah] When 'Ali Salim al-Bayd went into seclusion for three weeks in Aden, what was your attitude as a reasonable man who deals with matters even-handedly?

[Al-'Attas] I did, of course, find blame with that position, but there are ways for dealing with issues. I went to Aden, and I talked with him about that subject. A number of colleagues took part in the talks, and that was the basis for his return.

[Hamudah] Could his going into seclusion have constituted some kind of threat to the relationship between the two ruling parties? Could it have been a threat to unity at that time, or was it merely a limited issue?

[Al-'Attas] This is not the way to deal with issues. People have differences, and these differences have to be dealt with in the context of work and not outside that context. The more differences there are, the greater the possibility for a rapprochement between people and the greater the possibility that problems can be solved in a proper manner. But that can only come about by confronting these problems squarely and by having others express their opinions about them in a nonpartisan manner. It is the interaction of all opinions that will lead to a proper solution to problems. The exacerbation of problems is an opportunity for strengthening a relationship and solving problems.

### The Prime Ministry

[Hamudah] We will come back to this point in another context, but I want to ask about the time during President 'Ali Nasir's term when you became prime minister in 1985, after serving as minister for 15 years. It is known that 'Ali Nasir supported the same political tendencies which you supported, namely, moderation and an open-door policy with neighboring Arab countries. It seems, however, that your becoming prime minister was somewhat delayed until he was reassured about you politically. This step came about then. Can you shed some light on that?

[Al-'Attas] There is a long story behind my becoming prime minister in 1985. Actually, I did not want to become prime minister for one reason: There were irrational conflicts and differences. But I did go to work, and I assumed that responsibility after insisting that I have the unanimous consent of all the parties so that I can make a contribution to achieving an adequate measure of accomplishments in Yemen and deal with problems. It did seem, however, that the pace of matters was accelerated. The differences became more pronounced, people locked themselves into different positions, and 'Ali Nasir became adamant about not dealing with some issues. There was an opportunity for convening a meeting of the Political Bureau before my departure to China via India. We tried to find a solution or some measure that would satisfy all the parties and restore confidence. That meeting, however, did not materialize, and what happened on 13 January astonished and amazed me. I had never imagined that the dispute would break out in the manner that it did.

[Hamudah] Let's deal with this matter in greater detail. What was your position at the party's conference in November 1985 when 'Abd-al-Fattah Isma'il, 'Ali 'Antar, and 'Ali Nasir Muhammad were present in the meeting room?

[Al-'Attas] I believe there was no difference of opinion at the conference. There were issues about which there was agreement. I was the one who presented the government's economic report, and there were no differences of opinion about these economic issues. The only differences were over who was to hold what office. An agreement about these matters was reached subsequently, and although it was not the one that should have been reached, it enabled the conference to produce a solution. The agreement was based on having all of us in the Political Bureau working together to continue reviewing the issues which the Political Bureau and the Central Committee, not the conference, were supposed to review. In particular, we were to review the makeup of the government and all the positions in office in party organizations.

[Hamudah] Were you a member of the Political Bureau during that period?

[Al-'Attas] Yes, I was. That was a condition. I did not accept the offer to serve as the head of government unless I was a member of the Political Bureau. This is because a member of the Political Bureau could have joined the cabinet as a minister, and the party is the party in power. It was extraordinary that this condition was accepted. During the voting, however, some colleagues tried to minimize the importance of my membership in the Political Bureau and to portray my status as that of a "candidate for membership" rather than a political member. This was one of the mistakes that 'Ali Nasir made against Haydar al-'Attas. He backed off from his offer, or he led some people to believe that Haydar al-'Attas had now joined the other side. Thus, he wanted to change the position, but I, of course, refused to



become prime minister without becoming a member of the Political Bureau. Then, this was agreed to unanimously.

We had tried to find a solution for the distribution of positions in the Central Committee so that we can restore our confidence in each other, but 'Ali Nasir did not accept that, and some people maintained a hard line position. A meeting of the Political Bureau was held on 9 January, and I was unequivocal in expressing my opinion on this matter, which was the subject of the meeting. I said that the changes could turn out to be in the interests of the party because we had had enough with the leaders we had in the past. Differences did us a lot of harm in the past, and we must not push each other into opposing positions. Although we did not finish the business of the meeting that day and although not all the members of the Political Bureau spoke, I did state before my departure that I had to express my opinion even though it was not yet my turn to speak.

That, of course, did not please 'Ali Nasir, but my proposals included measures for dealing with the situation we were in.

#### The Events of 13 January

[Hamudah] Naturally, it is easy to talk now after the fact. If, however, we were to go back now to study the situation, do you believe that the substance of your point of view was correct and suitable for solving the problem? Do you believe that another, quieter method may have been required to bring up the matter with some of the parties so that the purpose behind it could have been achieved?

[Al-'Attas] The proposal was, of course, a technical one, and it was the product of many deliberations and exchanges of opinion with many colleagues. I even recall that the Soviet ambassador's position was not suitable. We were in my office, and we were talking about circumstances and methods for change. The Soviet ambassador said, "Do not diminish 'Ali Nasir's stature," and we said, "This is the wrong approach, and you have to help us in this matter." This means that you must actually help us bring about some changes among those who hold office in the party. It is that which will solve the problem, and that will not diminish 'Ali Nasir's stature. All comrades must try to regain their confidence in each other. They must see to it that they don't wipe each other out. Unfortunately, however, many outside parties did not contribute to this effort. The person I mentioned did not make a positive contribution to dealing with this issue, nor did some other Arab organizations. Had they done that, overcoming this hurdle would have been possible.

The meeting was postponed to the following week, and the situation was normal when I left the country on Sunday, 12 January. As I said, the first meeting had been

held on 9 January. Except for 'Ali Nasir, all my colleagues were at the airport to see me off, and that was considered extraordinary, but I felt comfortable about the situation when I left.

[Hamudah] Do you believe that you, as a man, have the ability to ensure your survival despite continuing disputes and conflicts? Your trip to China turned out to be in your favor. Had you been in Yemen, the consequences of the problems which could have developed would not have been favorable.

[Al-'Attas] My trip to China was most certainly in my favor.

[Hamudah] Does this mean that fate has a role to play in the life of a man?

[Al-'Attas] It is true that this was in my favor, on the one hand, but it was also in Yemen's favor in many respects. If it weren't, there could have been problems.

These are many matters whose time has not yet come. But the most important of these matters is that mistakes could have been made as a result of foreign conduct, including [the possibility that] the Soviets could have made mistakes.

[Hamudah] Did your presence abroad give you the opportunity to ward off certain dangers?

[Al-'Attas] The Soviets were most certainly going to make a mistake. When I arrived in the Soviet Union, coming from China, I was met by Aliyev, who was a member of the Politbureau. He told me, "You must be heaven sent!" They were in a fix.

[Hamudah] Does this mean that they did not have enough information to make a decision?

[Al-'Attas] No, they did not. I met with Ligachov, who was the second in command, and we actually prevented some mistakes which could have created problems. Mengistu in Ethiopia was also contacted. I believe that as much as our presence abroad was favorable to me personally, it was also very favorable for Yemen.

[Hamudah] Speaking of your contacts with Mengistu: Did you know that others contacted him and asked him not to receive 'Ali Nasir?

[Al-'Attas] I do not know who contacted him and told him that. That may have happened, but I don't know that it did. Mengistu did receive 'Ali Nasir, and he wanted us to go to Ethiopia too, but I refused to go because going there could have created a problem.

[Hamudah] Would this problem have developed because you would have been considered in 'Ali Nasir's faction had you met with him there?

[Al-'Attas] No, that's not it, but I did know the situation on the inside. Had I gone, my action would have been favorable to one faction and against another. I did not consider that at all. I acted in a responsible manner. [I

asked myself, "How can I protect Yemen in the situation it was in?" Had I gone there, people would have said that the president and the prime minister were standing together in another place. And what about the situation on the inside? I know what was on the inside.

Had I acted in that manner, I would have made a major mistake. Quite the contrary, my major concern was to contain the reckless mistake that was made. I worked very hard immediately after my return to stop the changes which had caused the events of 13 January. But many difficulties and problems stood in the way of doing that because people's feelings had changed, and their positions had hardened.

#### The Return of 'Ali Nasir

[Hamudah] Have conditions calmed down enough now to allow 'Ali Nasir to come back?

[Al-'Attas] He would be welcome.

[Hamudah] I am talking about the relevant conditions not about telling him that he would be welcome. Are these conditions suitable at the present time for his return? After all, a human being would welcome everybody. Some people are saying, however, that conditions are not yet suitable for his return.

[Al-'Attas] This is something that 'Ali Nasir himself will have to decide. A man's contribution to political life after reaching the level which 'Ali Nasir reached cannot be like that of an ordinary person. I believe this is understood.

[Hamudah] Can it be said that what you are saying means that the situation is not suitable now?

[Al-'Attas] I believe that he himself might come to the same conclusion.

#### The Relationship between the Two Parties

[Hamudah] Let us go back to the circumstances of the relationship between the two parties which are now in power.

[Al-'Attas] We did concentrate, of course, on 'Ali Nasir's return because his return, if it were to take place, would signify a change in the rules of the game. We ended up setting that point aside for the time being. What was left for us to concentrate on were the efforts that both parties would make to look logically into their relationship with each other. The fact that the two parties do not agree on all issues is not necessarily to be considered undesirable. That lack of agreement, however, should remain within the boundaries of Yemen's interest.

[Hamudah] To what extent do you think this is what is happening at the present time?

[Al-'Attas] I believe that differences or discrepancies have not yet reached the level that would harm the country's interest. I am quite confident that the alliance between the party and the congress is not politically

motivated, nor is it part of the political game which is now being played on the scene in Yemen under the auspices of forming alliances. This alliance is rather an objective necessity dictated by the Yemeni unity which has materialized. After all, the leaders in the north and in the south and the two pre-unity political organizations (the Yemeni Socialist Party and the General People's Congress), respectively, have been destined to bring about unity. The achievement of that major event has been associated with those leaders. Their alliance came about as a necessary measure to preserve Yemen's unity; to strengthen the structure of the one Yemeni state; and to fortify that state's political, economic, and social foundations regardless of what the party and the congress want or do not want.

All those who are concerned about protecting Yemen, maintaining its development, and establishing its unity have to care about strengthening the alliance between the party and the congress and strengthening the alliance that both of them have with other political parties and organizations. When I spoke in the middle of last year at the opening of the party's conference in 'Imran in the Governorate of Sanaa, I affirmed that the period of transition was about to end. The party and the congress were destined to enter into an alliance during the period of transition because the tasks which were to be carried out during that period, namely, bringing about the merger of the two regimes, were political in nature. However, building a Yemeni state requires a merger stage, for which the party and the congress are not solely responsible, even though they are the ones that are primarily responsible for it. All the other national forces, along with the party and the congress, are responsible for that merger stage.

My speech created quite a stir, more so in the circles of the party and the congress than in those of other political circles. On more than one occasion, in interviews with the press, I had to clarify these matters. I believe that everyone is now convinced that an alliance between the party and the congress is important. The message of that speech made a positive, political contribution to the practice of democracy.

I spoke in front of the Council of Representatives also when we were discussing some matters. People who were speaking up here and there and invoking democracy showed no discernment. I expressed my opinion and I said that we had to realize that we are moving toward democracy. I said that now, after having expressed the desire to pursue a democratic approach to building the state and organizing society as a whole, we did have a democratic approach. We are, therefore, moving toward democracy. We can either proceed in steady, solid steps and reach the goal, or we can try to cut corners. If we do that, we may not achieve that goal.

These observations were criticized, and cheap, political interpretations of them were provided. Some people construed them as my declaration of opposition to democracy. In that regard let me say that building and

strengthening democracy require, in fact, establishing the traditions, rules, and laws of democracy. Democracy is not a matter of rights only, nor does it signify making things difficult for others. Democracy is rather one way by means of which the best opinions on building a country can be reached.

[Hamudah] It is a good thing that you are now saying that there is no democracy, but that we are developing it.

[Al-'Attas] When they say there is no democracy, they are looking at things the wrong way. Democracy has a foundation, and we are determined in our desire to build a merger democracy.

[Hamudah] The institutional alliance between the party and the congress is more a matter of form than it is a matter of substance. Every ministry has a minister and a deputy minister, and each one of them belongs to a different party. The problems in the merger process are such that the alliance between the government and the institutions seems to be one between two separate parts. Consequently, questions are being raised about what is being accomplished despite the difficulties.

Can something be accomplished in that regard? How much can be done, particularly with regard to the armed forces whose units are semi-independent and have different leaders?

[Al-'Attas] The method I have been adopting to bring about the unity and the merger, that is, the merger of the two regimes and their institutions, is unique. German unity became a reality after ours, but it did not follow ours. That is why the problems we might face could be worse than those which Germany is facing. Most certainly, every approach and every method has its pros and cons. We believe that the method chosen by Yemen is the proper method. This has been confirmed by the facts. Yemen's approach took into consideration not only the conditions and circumstances of people as a whole, but also the conditions and circumstances of people and individuals on all levels. Thus, everybody felt that he was making a contribution to the cause of unity. It is true that this method may have been burdensome for the unified state, but these burdens, which were political and economic, were less than what they would have been had we taken another approach.

We did not replace the two governments that we had with one, nor did we allow the institutions that we had in one part of the country to prevail over those we had in the other. Instead, we merged the various institutions together, and we did so in a calm and normal fashion. We saw to it that the merger of all the organizations would not be mechanical or total, that is, involving all their employees. The merger was carried out at a certain level. It was a must at the leadership level. All the central ministries would thereby be in San'a', and their branches would be in each one of the governorates. We thus felt that the branches were under one leadership, but the individuals who were working in those branches in

southern governorates would be natives of those governorates, and those working in the branches in northern governorates would be natives of those governorates. We did not have to merge everybody and move the very large number of people who work for the state and its institutions. The merger would be carried out at a certain level of leadership, civilian or military, whereby an institution would have one leadership.

[Hamudah] Does this mean that in future generations people from the north and people from the south will be promoted, each from his governorate?

[Al-'Attas] With regard to this step all Yemenis would be looked at in the same way. This is a step which had to be taken. It is a step that will lead us to the goal. It is true that there are difficulties, including the fact that there are people who are human beings and who come up with different ways of thinking. That is why there were problems in the Council of Ministers and in the various institutions and organizations. After all, the people here and there are products of two different regimes.

#### The Importance of the Program

That is why we had to have one program, and the two parties had to have one ground to stand on, but the committee which was formed by the Political Bureau and the General Committee was late in putting this program together. That is why we in government had to do it ourselves. At first, we had many difficulties with the party and with the congress, perhaps because our first draft was harshly critical of conditions before unity. Our criticism, however, was responsible, and although I am, of course, a member of the party's Political Bureau, we did not side with the party. Nor did we side with the congress in our remarks. We did, however, state the facts as they were, and we set forth everything. The program was eventually debated, a few amendments to it were made, and it was ratified.

This program, therefore, is uniting the people around one program, rather than uniting them into one organization. This is what we did in the National Program for Construction and Political and Social Reform.

[Hamudah] This means that institutions are being merged on the basis of the program, rather than on a mechanical basis. But does the stage ...?

[Al-'Attas] (Al-'Attas interrupted me.) This is true. The merger was completed in many institutions. Of course, in some institutions and some branches it has not been completed. And when you talk about the armed forces, the fact of the matter is that leadership positions have been merged and streamlined but not on the brigade level. To me, merger does not mean that part of a brigade would be made up of people from the south and the other part of people from the north. To me, it means the merger of the institution, the system, and the laws. It means streamlining leadership positions. This means

that all units, central or subordinate, receive instructions from one unified command and not from different leaders.

This is a very important matter, and the proposal we are making is also important. With regard to the institutions of the military, what we need to do is reorganize and rebuild the army, not merge the people in a mechanical fashion. When we consider a certain ministry, for example, moving its employees from their place of work would make no sense because it would be very costly as well as meaningless. What we need to do is streamline leadership positions, standards, and the regulatory system.

There is something else which is very important in our experience with unity. We did not make any of the laws which were in effect in either one of the two parts of Yemen prevail in the other part. We decided that all the laws which were enacted in each part of Yemen would remain in effect in that part until a unified code is enacted. That safeguarded people's rights, prevented the confusion which could have occurred, and precluded claims about this being an annexation. We have now been able to enact a large number of laws; only a small number remain, and, God willing, these will be completed soon. A set of these laws will be enacted these days. When we say that the laws which were in effect in the north are now in effect throughout Yemen, it would seem that the south was being annexed by the north. Similarly, if the laws that were in effect in the south were to become effective throughout Yemen, it would seem that the north was being annexed by the south. We ruled this out. This is a unique experience, quite the opposite of what happened in Germany.

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The impression which was left by the interview with Engineer Haydar Abu Bakr al-'Attas, the prime minister of Yemen, about his qualifications to lead the government at this stage was not drawn from thin air. The first part of this exhaustive interview reviewed the man's technical and political experience in the southern part of Yemen before unity. It reviewed the restrictions which the leaders' rivalry and their attempts to outdo each other placed on the movement to develop and build the country. In this, the second and final part of the interview, Mr. al-'Attas sets forth the principles he is relying upon to build the unity state. These include the principle of respecting "deliberations" with the parties in the context of political pluralism. It also includes giving the private sector the opportunity to participate in the process of construction on the basis of a program for construction and political and economic reform which is founded on national factors that are invariable and utilizes ongoing dialogue as the method by means of which agreement to settle the remaining differences can be reached.

Al-'Attas affirms the importance of political alliances between the numerous parties and organizations, but he

calls attention to the importance of a stable relationship between the two principal organizations [in the country], the Yemeni Socialist Party and the General People's Congress. Al-'Attas says these two organizations have to have a common outlook on the facts in Yemen with which they are dealing. The Yemeni prime minister's understanding of his country's circumstances and reality is inseparable from his view of his country's relationship with other countries and neighboring countries. He sees to it that Yemen's relationship with one country does not harm its relationship with other countries or develop at their expense. He thinks that Yemen is part of the Arabian Peninsula and that it must live in security and stability with the other countries of the peninsula.

If the process of building the Yemeni state at the present stage starts by bringing about the unity of the two parts of Yemen, then it would be normal for the second part of the interview to start by touching upon the circumstances under which this unity was brought about.

[Hamudah] Some political reports pointed out that after the eastern bloc collapsed, South Yemen was going through an enormous economic and political crisis. That is why unity was an appropriate solution for it. When this was followed by the circumstances of international detente which developed during the same period, neither Arab nor non-Arab parties indicated any opposition to the unity. That made the unification of the two Yemens easier. The economic crisis, however, continued to stand and to play a role. Can you clarify this point or react to it?

[Al-'Attas] I do not believe at all that the economic situation was the reason for unity or that the situation in the south was so bad that it pushed the south into unity with the north. The economic situation as a whole was inappropriate and weak because we had not paid attention to building a production base in Yemen, and we had relied on the outside world to provide us with products. Moreover, the state had acquired ownership of everything, thereby blocking every opportunity that national capital could have had to contribute to the process of building the economy. The situation in either part of Yemen was not better than it was in the other part. That was one of the factors which contributed to bringing about the unity. It made me make the effort and the contribution that I made to bring about this goal because I became convinced that as long as Yemen remained partitioned, it could not become stable. The incidents which happened here are many. Wars, for example, were fought between the two parts of Yemen. Most recently we had a problem concerning the sources of oil in the area between Shabwah and Ma'rib, the area where battles broke out.

In 1989 I went on a private visit to this area, a difficult and rugged area which cannot be reached easily. This is the area where Ramlah al-Sab'atayn is located. It is an area of sand dunes, some of which are 200 meters high, and it is very difficult to reach. I went to see that area because a war was being fought on its account. I actually



got to an area that was within approximately 15 meters from the border with the north before unity. In that area the borders of the two parts of Yemen overlap. When I arrived near those northern locations (before unity) and the soldiers from the north heard that Haydar al-'Attas, chairman of the presidential council, was there, they lowered their machine guns and stuck them in the sand. I was very much moved by that attitude because, in fact, there was nothing to fight about.

I was told that the movement of the shifting sands was such that the cook would be carrying food to a group of soldiers from the south and would discover that he had carried the food to soldiers from the north. That was another moving posture which makes it clear that unity is the only means by which stability can be realized. As long as Yemen remains partitioned, neither part of Yemen will have stability. I am totally convinced about another thing, namely, that Yemen cannot develop without democracy, and democracy cannot be achieved in one part of Yemen and not in the other part. These are the factors that pushed us into bringing about unity. I believe they are sound factors. Without unity and without democracy, stability will continue to be elusive, and we will continue to make mistakes. I attribute many of the mistakes that were made in either part of Yemen or throughout the country to the absence of democratic practices. Had there been democracy, fewer mistakes would have been made, even under a one-party system.

[Hamudah] You served as chairman of the upper chamber of the People's Assembly (in South Yemen) under the one-party rule. The nature of what your job entailed then differs from what is entailed in presiding over a government with 50 parties. In addition to what you said, however, it shed light on other matters....

[Al-'Attas] (Al-'Attas interrupted me.) Quite the contrary. I believe that governing a system that has 50 parties is better than governing a one-party system.

#### The Government's Mandate

[Hamudah] Why is that?

[Al-'Attas] Because the government has a mandate, and it acts within the boundaries of its mandate. If government exceeds that mandate, it is criticized. Under a one-party system, however, the government has no mandate. This is the brief answer to your question.

[Hamudah] The government is trying at the present time to consult with the parties about an agreement to convene a national conference, a round-table conference, a symposium, or any meeting of another kind to issue a "Political Action Pact."

[Al-'Attas] (Al-'Attas interrupted me.) As far as the Elections Law is concerned, you mentioned in your second article that the government did not consult with the political parties about that law.

[Hamudah] The parties said that you did not consult with them about the draft text of the law. They said that you had submitted the draft text to the Council of Representatives but that you withdrew it to consult with them about it one more time.

[Al-'Attas] Quite the contrary. I may have gone out of my way as the head of government to invite the parties for deliberations. I invited them more than once. I invited them to a meeting to deliberate the question of the peace conference. There were different opinions of course, but I went out of my way to establish one rule in my talks with the parties. The rule was that we must never stop talking, even though we may disagree, because if we were to stop talking when we don't see eye to eye, everything would come to a standstill and, basically, talking would become pointless. With regard to the issues that we agree about, implementation steps have been set in motion. With regard to those issues about which we disagree, we have to continue talking and exchanging opinions. This is actually the method by means of which decisions are made. We established this rule, and our debate of the peace conference issue was based on this rule. Then we held meetings about the Elections Law, and before that we held several meetings about the National Program for Construction and Political and Social Reform. I was told by some parties that we were preparing that program as an alternative to the parties' program. I told them that each party has the right to submit its program but that we too wanted to build Yemen in a unified way. Let us look for the common ground about which we can agree. Let us look for policies we can follow, and let us incorporate them into the program.

#### The Role of Parties

[Hamudah] When you prepared your program and set it forth, you left the programs of other parties behind. There are many political parties that have not yet set forth their programs whereas your program has been submitted. Does that fact set the guidelines on whose bases political parties are to draft their programs?

[Al-'Attas] Each political party can draft the program it wants. Anyone who does not agree with this program and its contents can draft another one, but this is the program I want to follow and on whose basis I want to build. I also want people to agree with this program, but every person can propose what he wants. As far as I'm concerned, it would be difficult for me as the chief of an executive authority to steer the Council of Ministers and the other organizations without a program, especially since other political organizations are represented in the Council of Ministers and not only the party and the congress. In name, the government is made up of the Socialist Party and the People's Congress. But after political parties emerged on the scene, it became evident that some people were affiliated with other political organizations, and that is why we had to have this program. Furthermore, we went to the Council of Representatives, and that body formed a committee to discuss the program. All parties were represented in that committee, and I

participated in a number of its meetings. Some amendments to the program were proposed, and they were accepted. Eventually, we came up with this version. This is actually the approach I have been following and adopting with the parties. It is obvious that we may not agree on all the issues, and we established that fact during the debate. That is why I was taken by surprise when I scanned your article today and found that you said we had not consulted with the parties.

[Hamudah] The information we received indicated that parliamentary review of the plan was postponed several times pending discussions with the parties. We were told that the plan had been prepared and presented to parliament but that it was withdrawn for consultations.

[Al-'Attas] Quite the contrary. I discussed the plan with the parties in the course of several meetings. They set forth some opinions, and we agreed on some and disagreed on others. It is normal to have the plan submitted for review and debate and to have every party defend its opinion in parliament. Many other opinions were articulated after that, and all those who articulated those opinions were invited to participate in another discussion. Political parties and organizations were also given an opportunity to participate.

I believe that with regard to the elections law in particular, three or four meetings with the parties were held to discuss this law. We went along with the issues that we agreed about, but there were differences between the parties themselves about some issues.

[Hamudah] One of the issues that you agreed about was that of the system of education. Isn't that right?

[Al-'Attas] The Education Act is another act which was drafted before unity. It was submitted to the Council of Representatives immediately after unity along with 40 other bills. The council then formed a committee, and that committee re-wrote the law. I believe that the Education Act must be enacted because it is very important. We suggested that the difference over this law be settled on the basis of the solution which can be found in the National Program for Construction and Political and Social Reform. We suggested that the wording of the solution in that program be adopted.

[Hamudah] Does this mean that the religious institutes of instruction will continue or not?

[Al-'Attas] We devised a formula in the program for solving the problem that we had. That formula can provide a solution as well as an opportunity for dealing with the matter.

#### A Network of Alliances

[Hamudah] The existing network of alliances between the political parties in Yemen shows that there are four blocs, each of which is made up of different parties. This network of alliances does not provide an accurate picture of the existing situation, but it is one of the perceptions

which have been set forth. Is agreement between the political parties possible, and can a different network of alliances emerge?

[Al-'Attas] The shape of the network of alliances which has been published is not accurate, but it does show a tendency. There is no doubt that alliances are being made now, but I am convinced that these alliances will not take shape and will not be made until the question of the alliance between the two ruling parties is settled first. I believe that efforts are being made now to settle this issue.

[Hamudah] What form do you expect this settlement to assume? Will it assume the form of unification or partition?

[Al-'Attas] No, it will assume the form of an alliance between the party and the congress. This alliance must have a program and an organizational framework, and that would make it easier for the other alliances which could be made after that. This is because the party and the congress are the two main organizations. There are other organizations on the scene, and we do not deny the fact that they play a part.

[Hamudah] Among the political blocs which have been proposed is one which includes the Socialist Party, which has been trying to form alliances with the Party of Truth, the Islamic Labor Party, the Union of Popular Forces, the National Grouping for Reform, and the League of Yemeni Citizens. This raises many questions because these organizations are quite different, are they not?

[Al-'Attas] I laughed when I saw how this information was presented in print. This information does, of course, come from people who present matters as they see them or as they would like to see them happen. Others want to create confusion and fragmentation. But this is not a true picture.

[Hamudah] But let's stay with the point about dissimilar tendencies, the point you criticized. With regard to the bloc which is reported to include an alliance that the Socialist Party is building, there were in fact communications between you in the Socialist Party and the Yemeni Grouping for Reform, were there not?

[Al-'Attas] Yes, we in the Socialist Party, as is the case in the People's Congress, are in agreement about opening the channels of communication with the other parties so we can talk with them and get a handle on issues that we have in common. This would make the alliance between the party and the congress easier. It would also make it easier for the two parties to attract other forces and organizations into their alliance. Through talks with the different organizations they will be able to determine the areas where they share a common stance and the points about which they differ. Accordingly, forging an alliance would become easier. We are engaged in contacting the Yemeni Grouping for Reform and all the organizations. I was personally involved in making some of these contacts.

[Hamudah] Some of these contacts were made in your home, were they not? Weren't they made in the presence of Salim Salih Muhammad, member of the Presidential Council?

[Al-'Attas] Yes, these contacts were made in the presence of Salim Salih Muhammad and al-Shaykh 'Abdallah ibn Husayn al-Ahmar. It was a good meeting during which we devised a methodology for the talks. We are not the only party engaged in those talks. A joint committee which was set up for that purpose some time ago [is also engaged in those talks]. This committee had gone out of business, but then we decided to participate in a meeting on that level to break down the difficulties which the committee was facing. We wanted to lay down the necessary foundations for the procedures which the committee was to follow in performing its function, and I believe we did that.

#### Alliances or Maneuvers

[Hamudah] Since we are talking about matters quite openly and candidly, let me say that there are some people who think that a desire for coordination is not the reason why contacts to coordinate activities are being made with the Yemeni Grouping for Reform. There is always, after all, some kind of conflict and political difference between the Socialist Party and the Grouping, with the two parties accusing each other of involvement in political assassinations. And yet, the step taken by the Socialist Party in making these contacts is a politically astute step. After all, the Socialist Party is seeing the People's Congress taking steps to strengthen its relations with the Yemeni Grouping for Reform and the Yemeni Ba'th Party. The Socialist Party is trying to open channels of communication with the same organizations to avoid an imbalance in the ruling alliance that would not be in its favor.

[Al-'Attas] It is my personal opinion that the party and the congress will be making a major mistake if they try to outmaneuver each other. They will be making a big mistake if, in their talks with others, they will be counting on competing with each other to gain an advantage for the party or for the congress. We may say here that if this happens, it will not be in the interest of the alliance between the party and the congress, and it will not serve Yemen.

[Hamudah] Does this mean that contacts are now being made in that context?

[Al-'Attas] Yes, the contacts and the coordination which are being made now are being made in that context. But I believe that if the party and the congress try to win over others at each other's expense, Yemen will not be served. Yemen needs everybody's efforts.

#### The National Congress

[Hamudah] When will the National Congress be held? You want to change its name to the National Assembly, don't you?

[Al-'Attas] This is a round-table.

[Hamudah] It seems that you are still insisting on the name, round-table.

[Al-'Attas] I do honestly believe that it is a round-table or a national congress. What difference does it make anyway as far as the goal is concerned?

[Hamudah] The name is not important, but it does imply something different to the numerous parties [who are involved]. The name also refers to the number of participants. A "conference" indicates that the number of participants will be larger than the number of participants at a round-table. The opportunity to present opinions would also be greater at a conference. These are the points where I see a difference between the two concepts.

[Al-'Attas] This is true, but the problem is that we in the entire Arab homeland write and do not read. Much was said about this matter when the program for construction and political and social reform was being drafted. Much was said in particular about foundations and invariable principles and about whether we would make them part of an honor and performance pact. This is the part of the program.... Since everyone in and outside the various state agencies and executive authorities agrees that a program for construction and reform must be developed and implemented, the foundations, invariable principles, and general goals that were mentioned in the first and second sections of this program constitute a suitable introduction to a general debate. Political and people's parties and organizations, popular organizations, and national forces and personalities would participate in that debate whose aim would be achieving a national honor pact which each party to the debate would rely upon in the process of construction and reform for the purpose of Yemen's progress and its future. An invitation would be extended no later than the first quarter of 1992 by political and people's parties and organizations, by popular organizations, and by national forces and personalities. This section was placed in the program from the beginning. When the government tried to adopt this matter, it was told that this was a question which concerned the parties. So we told them to go ahead, and they are still debating it. Had they gone along with what was in the program, I believe they would have found a suitable formula.

[Hamudah] What about relations between Iran and Yemen now?

[Al-'Attas] They are normal, ordinary relations: just like Yemen's relations with any Arab or Islamic country. The state of Yemen in its new age is not allowing anyone to interfere in its domestic affairs. Yemen is not allowing anyone to harm its domestic affairs or its relations with others. Yemen is careful about developing relations with all countries, with the exception of Israel, of course. It wants to promote its relations with those countries which have been and still are making contributions to regional issues of the Arab homeland and the surrounding area and to international issues. However, we can never allow

Yemen's relationship with any country to harm its relationship with others, nor can we allow any relationship to harm our security.

[Hamudah] What do you think about what is being said about the coordination between Iran and the Islamic Front in Sudan, and what do you think about published reports about camps for training fundamentalists in Ta'iz? How true are those statements?

[Al-'Attas] There are no camps. We would not allow such camps.

[Hamudah] Are you categorically denying that?

[Al-'Attas] Yes, I am. There is nothing like that at all. We would not allow anything like that because it would harm Yemen more than it would harm any other country.

#### Assassinations and the Nation

[Hamudah] We have to touch upon the campaign of political assassinations in this interview, and we have to talk about the security plan and where it stands.

[Al-'Attas] This is truly something that harms Yemen. The government is determined to continue its efforts to implement the security plan which, it seems, has provoked many. The fact of the matter is that we did not intend to provoke anyone with the security plan. What we wanted was to preserve security and stability. As far as any person is concerned, the security plan is the umbrella under which protection is to be sought.

[Hamudah] But it is being said that the security plan provoked more people from the Socialist Party than from the People's Congress or from any other political party or organization. Is that true?

[Al-'Attas] I don't know that, and I find it strange that it provoked anyone from the party.

[Hamudah] It provoked someone like Col. Majid-Murshid, adviser to the minister of defense and member of the Central Committee of the Socialist Party. He was killed in a confrontation with security forces when he refused to stop his car. He had said that implementing the security plan was somewhat provocative.

[Al-'Attas] Majid was a quiet, respectable man, and I didn't think that he would get himself into such a problem. Given what I know about this man, I cannot believe such a situation. What I know about Col Majid is the opposite of that: he is a military man who likes and respects order. A mistake was most certainly made. To uncover it and investigate the incident I formed a committee headed by the public prosecutor. I did that before my departure, and I expect to see a report on the matter upon my return. The fact of the matter is that the security plan did not provoke any politicians or organizations, but it did provoke outlaws and those who violate the law. I do not believe that any establishment as such was provoked by the security plan. And yet, in the final analysis, an establishment is made up of individuals.

[Hamudah] What are the latest developments in the law that will regulate the possession of weapons?

[Al-'Attas] I am expecting now the executive decree for that law to be prepared soon because I issued instructions before my departure that this decree be prepared. It will then be discussed by the Council of Ministers and enacted. Then we would start enforcing it. This is the first goal. When we talked about the acquisition and possession of weapons in the course of drafting this bill, we investigated and examined prevailing conditions, and what we proposed was reasonable. We did not deal with the acquisition of weapons, but we did deal with regulating the possession of weapons.

[Hamudah] Regulating that in certain places?

[Al-'Attas] In towns and main cities to start with. This program was prepared in an objective manner so that it can be implemented in this period. Regulating the possession of weapons is very important, and it is essential. This is something that is in everybody's interest and is against no one. As far as acquisition is concerned, every Yemeni citizen has the right to acquire weapons.

Yemenis have always taken pride in their weapons, but the aim of regulating possession is to ensure that the weapons are not misused. Weapons may be used in two situations: in self-defense and in defending the country. Yemenis have always used their own weapons to defend themselves against outlaws. They have always defended their country from aggression. The manifestations of recent months, however, have been harmful to the Yemenis, distorting their traditions of acquiring and possessing weapons. That is why we are inclined to regulate this matter in the interests of all Yemeni citizens.

As the head of the government, I, of course, may not walk around with many guards [sic?]. I am not accustomed to this. What we want is for all citizens to lead a stable life. There is also the question of development. We cannot hope to develop the country if we do not have stability in the country and investors know that the country is stable and there is nothing to worry about. Stability is the other side of the development coin.

#### Gulf Relations

[Hamudah] One last question about Yemen and its relations with the Gulf countries.

[Al-'Attas] Yemen is part of the Arabian Peninsula, and it has to live with its fraternal Arab countries in the peninsula and in the Gulf on the basis of cooperation, harmony, and mutual respect. It has to live with them in security and stability. These are factors which support the achievement of comprehensive development in the Arabian Peninsula, which is a fundamental part of the Arab homeland.

Throughout all of history Yemen has always been the source of peace, security, and stability for the entire area



and the Gulf. These days, however, relations between Yemen and its neighbors in the peninsula and in the Gulf are under a cloud, which we are quite confident will dissipate. Events in the Gulf, however, darkened this cloud. But all these clouds will most certainly vanish and dissipate when fellow Arabs talk candidly and openly with each other. Not only will normal relations be restored, but they will also be developed and made to flourish in the interests of people in the peninsula and the gulf and in the interests of the Arab homeland as a whole.

**Election Preparatory Committee Head Interviewed**  
92AE0617C London AL-SHARQ AL-AWSAT in Arabic  
10 Aug 92 p 3

[Interview With 'Abd-al-Rahman al-Jafari, chairman of the Yemeni Citizens League Party and head of the National Congress Higher Preparatory Committee, by Lutfi Shatarah; place and date not given: "Head of National Progress Preparatory Committee to AL-SHARQ AL-AWSAT: We Refuse to Be Toys in Hands of Two Parties Ruling Yemen"]

[Text] Aden—"Abd-al-Rahman al-Jafari, chairman of the Yemeni Citizens League Party and head of the National Congress Higher Preparatory Committee, stated that the meeting scheduled to be held today will be decisive for the Preparatory Committee. It will determine the final date for convening the congress and the reservations expressed by the two ruling parties and others in the name of the congress will be discussed along with the draft documents submitted to the committee.

In an interview with AL-SHARQ AL-AWSAT on a number of issues connected with postponing the convening of the congress and the elections, al-Jafari said that the Preparatory Committee is the only body empowered to set the date for congress to convene and that it is entitled to amend the draft documents. Following is the text of the interview:

[Shatarah] What is the importance of the meeting which the Preparatory Committee will hold today?

[Jafari] This meeting will determine the positions submitted regarding reservations about all of the documents. It will also determine and confirm the date for convening the congress. It will further discuss a proposal to expand the Preparatory Committee's Presidential Council. I declined to attend a meeting at the residence of Muhammad 'Ali Abu-Luhum, the Republican Party chairman, when I learned that the National Congress issue was going to be discussed at the meeting. I justified my refusal by pointing out that any meeting concerning the National Congress must be held in the Preparatory Committee, not elsewhere. As a result of this meeting, where several parties participated, the Republican Party chairman was entrusted to appoint me as head of the Preparatory Committee's Presidential Council to hold consultations on this issue.

[Shatarah] What do you expect the two ruling parties to propose at the forthcoming Preparatory Committee meeting? Will there be flexibility on their part regarding convening the congress?

[Jafari] Everything depends on the relations between the parties. When the relations between the two ruling parties become tense, then they disagree. When their relations are harmonious, they agree with one another to disagree with the other parties. I once told Yemeni President 'Ali 'Abdallah Salih, the General People's Congress secretary general, and 'Ali Salim al-Bid, his deputy and chairman of the Yemeni Socialist Party: Your agreement is a catastrophe to us as parties and your disagreement is a disaster to the country. We will put up with a catastrophe to us but not with a disaster to the country. This is why numerous parties are considering convening the National Congress without the participation of the two ruling parties, unless these two parties stop manipulating the other parties.

[Shatarah] Which parties support the government against the opposition parties?

[Jafari] Most of them are participants in the government, such as the Yemeni Reform Grouping Party, the Ba'th Party, and the Unionist Nasirite Organization. These parties participate in the executive or the legislative branches of the government.

These parties are coordinating to establish an alliance among themselves. But we would like them to take part with us in the congress in order to bolster and strengthen it and to make its resolutions binding to all those operating in the Yemeni political arena. However, if these parties insist that congress follows the path they have paved, then numerous opposition parties will propose for congress to convene without them. Even though this action will not make congress resolutions binding to them, it will, for those parties which would participate.

[Shatarah] If the two ruling parties do not participate in the National Congress, it will affect the outcome hoped for by this congress, namely to bind the two ruling parties to adhere to this outcome.

[Jafari] Of course, if the two ruling parties participate, this will lead to unity of the national ranks, which is urgently needed in this phase. Moreover, congressional resolutions will be binding to everyone, excepting nobody, whether ruler or ruled. But if they do not participate, the anticipated resolutions will not occur and congress will become an opposition congress. We do not wish this. Yet, it could be the best thing that happens.

[Shatarah] If, for some reason, a proposal is made within the National Congress to abolish the elections and to form a government with the participation of the parties, will the parties agree to such a proposal?

[Jafari] We will cross that bridge when we come to it. But we must first consider whether the justifications are real

or fabricated? If they are not real, they will be rejected. However, if new developments, which are cropping up in the Yemeni arena, dictate the formation of a national unity government to avert dangerous problems, then this is a different matter. But in the absence of such dangers or if an attempt is made to "fabricate" dangers, then the proposal will be rejected, and elections will have to be held.

[Shatarah] Do you expect the elections to be held on schedule, even though the names of the Higher Election Committee members have not been announced and the issue of the National Congress is still undetermined?

[Jafari] To begin with, there is no direct connection between holding the elections and convening the National Congress. Convening the congress is intended to help create the climate for holding free and impartial elections. There is no ambiguity in this, despite the obstacles we are facing from the two ruling parties. The problem lies in why the announcement of the names of the Higher Election Committee members is delayed, even though the Chamber of Deputies (parliament) has agreed to amend a provision of the election law. Therefore, let us ask, why is the Presidential Council delaying the decree which will empower the Higher Election Committee to exercise its duties of preparing the environment for the elections?

#### **Government: Mosques Not for Political Use**

92AE0617B London AL-SHARQ AL-AWSAT in Arabic  
11 Aug 92 p 5

[Unattributed article: "Yemeni Government Prohibits Use of Mosques for Politics; Widening Rift Within Reform Ranks; Emergence of Two Conventional Wings and One Radical Wing"]

[Text] Sanaa—AL-SHARQ AL-AWSAT—Disagreements caused by the new education law have created a rift between the conventional wing of the Yemeni Reform Assembly Grouping, led by Shaykh 'Abdallah Ibn Husayn al-Ahmar, and the group's fundamentalist wing, led by Shaykh 'Abd-al-Majid al-Zandani.

Sources closely connected with the group's leadership have said that differing positions on merging religious educational institutions with regular schools have been the main cause of disagreement. The conventional wing of the Reform Grouping believes that merging the religious institutions poses no practical or political threat to reform, especially since the circumstances are not appropriate for embarking on an open confrontation with the Socialist Party or with any other political faction when the country is approaching general elections. Meanwhile, the Muslim Brotherhood wing has decided that accepting the merger would constitute a strong blow to the brothers and would diminish their influence in the Yemeni society.

An authoritative source has told AL-SHARQ AL-AWSAT that several aspects have begun to bolster their

positions within the group in a clear way and that it is feared that this will lead to the announcement of splits in the near future, especially since the Muslim Brotherhood wing has begun to feel that it is a persecuted minority in the party.

The reservation expressed by Muhammad Qahtan, a member of the group's leadership, on the proposal made by Muhammad 'Abd-al-Wahhab Jabbari, a member of the party leadership, at a meeting the parties had with Yemen's prime minister last week, confirms that the disagreement in positions has gone beyond the internal level to reach the external level of the Reform Grouping.

Several sources close to the grouping have told AL-SHARQ AL-AWSAT that these days, the group lives in a state of internal conflict over a number of current issues which are interacting in the Yemeni arena, including the anticipated parliamentary elections and nomination of the grouping candidates in these elections.

In last Wednesday's edition, YEMEN TIMES, issued in Sanaa, says that "there are evident rifts within the Reform Grouping among religious factions led by 'Abd-al-Majid al-Zandani and other factions led by Shaykh 'Abdallah al-Ahmar. The main cause is disagreement over candidates scheduled to be chosen to represent the party in the elections."

The paper attributes to informed sources, the statement that "what complicates the situation in the Reform Grouping further is the presence of another split between two groups within the conventional faction itself: One led by Shaykh al-Ahmar and the other by Shaykh 'Abd-al-'Aziz al-Nashif."

Observers believe that continued debate by the Chamber of Deputies on the parliamentary committee proposals to amend articles three, 30, and 31 of the draft education law at the end of last week and a vote by the members on articles three and 30 could cause disagreements among the reform wings, especially since the Chamber of Deputies voted last Thursday on the committee proposal regarding Article 31 which reaffirms the merger of elementary and preparatory educational institutes, elementary and preparatory general education schools, unified schools, and nomadic bedouin schools in a single phase, known as the basic education phase.

Yesterday, the Chamber of Deputies resumed its debate on the proposals connected with Article 31 which concerns merging secondary [high-school] education. If pressure persists in the direction of merging institutions with general education schools in this phase, the assessments confirm that it is likely that the breakup of the Reform Grouping factions will be announced officially in the near future.

In a related development, Attorney Muhammad Naji 'Alawi has confirmed that deputies Muhammad al-Hajj al-Salihi and Ahmad al-Tayyib have asked him to file a constitutional lawsuit with the State Supreme Court—

the Constitutional Circuit—in the name of the parliamentary reform bloc against the presidency of the Yemeni Chamber of Deputies and against the proceedings of the fourth interval of the chamber's third annual session so as to contest the legality of the current session, considering that there has been no quorum.

In a statement to AL-SHARQ AL-AWSAT, Attorney 'Alawi has said that, last Tuesday, he filed a lawsuit with the court concerning the chamber's violation of Article 55 of the constitution and the provisions of the internal bylaws which stipulate that the chamber shall not meet unless it has quorum, which is one half of the chamber members, plus one.

He has asserted that the two deputies who have asked for the lawsuit to be filed have also demanded the removal of state officials from the chamber membership because they are counted legally but not present practically. 'Alawi noted that during its current session, the Chamber of Deputies held only two sessions with full quorum, with the first held in the presence of 150 deputies and the second in the presence of 145 deputies. The other sessions which were held to discuss the education law, did not meet a quorum.

In their lawsuit, the parliamentary reform bloc deputies have demanded that discussion of the remaining articles of the education law be suspended.

In another development, AL-SHARQ AL-AWSAT has learned that the General Educational Institutions' Organization has instructed its legal department director and its private attorney to file a lawsuit against four members of the Chamber of Deputies, namely: Muhammad 'Abdallah al-Fasil, Yahya al-Hawshi, Muhammad Ghalib Ahmad, and Ahmad Muhammad al-Hubayshi for accusing the educational institutions of getting money from foreign sources.

The organization's attorney has demanded that parliamentary immunity be lifted from the said deputies. It is worth noting that the said deputies belong to the Rightness [al-Haqq] Party, the Yemeni Socialist Party, and the People's General Congress.

An authoritative source has told AL-SHARQ AL-AWSAT that at the end of last week, the Yemeni Ministry of Awqaf [Religious Trusts] issued a decree which provides for closing its mosques after the last prayer session, so that mosques are not used for political and partisan debates. It is well known that only 10 percent of the mosques in the northern governorates are under the control of the Ministry of Awqaf whereas all mosques in the southern and eastern governorates belong to the ministry organizations.

This decree falls within the context of the government efforts to contain the political role of the radical groups. The source does not find it unlikely that this decree is a step that could be extended to include all of Yemen's mosques.

It is also not unlikely that this step will meet strong opposition from supporters of the radical tendency in Yemen because they use mosques as a place of political, religious, and partisan education simultaneously. This became evident during the campaign for the constitutional referendum last year. The government fears that, increasingly, mosques will be used for political purposes in the coming months until the election is held next November.

The decree is also opposed by the Rightness Party, led by Muhammad Ahmad al-Shami, because this party relies on mosques to disseminate its ideas and to engage in its political activities. It is worth noting that mosques were a theater of conflict between the Rightness Party, which supports merging education, and the Yemeni Reform Grouping Party, which opposed the merger unanimously in the past.

### State and Sheikhdoms Vie for Power

92AE0471B Doha AL-SHARQ in Arabic 1 Jun 92 p 8

[Article by Hassan Abu-'Arafat]

[Text] Sanaa—One of the sensitive issues in Yemeni politics is the relationship between the state and the sheikhdoms. This is a relationship whose many aspects I have tried to comprehend since it is, in my opinion, one of the most explosive issues that faces the Yemeni state. The sheikhdoms are a state inside a state.

A Yemeni journalist in Sanaa told me that this issue is a 'mine' ready to explode at any time, especially that the sheikhdoms fully control all of the Yemeni countryside using firepower. It is normal to find tens of tribal men and leaders carrying arms in the capital Sanaa, unchallenged.

A Yemeni Socialist Party political official, commenting on this situation, said: "All we ask of those coming to Sanaa is to leave their arms at home and to follow the rules and regulations in carrying their arms; the arms must be licenced." He added: "Truly, Yemen could fill the whole world with the arms that tribes have had for 30 years, from the days of the fierce struggle between the north and south."

The editor-in-chief of AL-MUSTAQBAL has launched a strong attack on the relationship between the state and the sheikhdoms saying that it reflects one of the main current contrasts between law and anarchy, between national identity and separatist elements, between the necessities of progress and the powers of backwardness. He added, "In Yemen, many contradictions are evident from these two conflicting loyalties: on the one hand, some sheikhs look up to the state and work towards the expansion and strengthening of its institutions; on the other hand, some state officials attempt to serve the needs of the sheikhdoms alone, and not all the people, dedicating themselves to the sheikhdoms rather than to the state." He insisted that the sheikhs are both victims

and aggressors, both murderers and martyrs, both nationalists and opportunists. This is Yemen's contemporary dilemma.

Yemeni mullahs have ruled for decades without forming a state or establishing any institutions. They have made no laws or regulations but, instead, made themselves into fantastic creatures beyond all the realms of reality. The sheikhs had no part in running the state; instead, the Imam tried to limit their powers, humiliate and torture them. The museum still exhibits some of the hilarious outfits that the Imam forced the sheikhs to wear; some brave sheikhs resisted the Imam and his snobbish conduct.

However, sheikhs' sons who have inherited their social status nowadays try to achieve social advantage for themselves at the price of the state and its laws and regulations. During the republican-monarchy struggle of the 1960s, some of those sheikhs were able to use military strength to amass wealth and power and increase their political influence. Eventually, this gave the tribes and sheikhdoms a social and political power base.

The sheikhs allied themselves with the developing capitalist class that supported the republicans. This was a historical mistake since it led to the destruction of the state's rules and prevented the formation of its institutions. The alliance continued to strengthen till the 1970s when two forms of authority prevailed: central authority in the towns and local tribal authority in the countryside. The tribal powers tried to preserve their interests through mutiny against the state's laws and regulations; however, there were some sheikhs who stood with the state and were able to invest their wealth using modern methods. These sheikhs had a strong tendency to support law and order and put their traditional influence in the service of modern development.

This new model of thinking is represented by Sheikh Sanan Abou-Lohoum who tried to change the mind of tribal sheikhs who opposed the constitution and thus were against the idea of a state itself. The party now considers Sheikh Megahed Abou-Shawareb to be a respected national figure; however, there are still some sheikhs who believe that they have a God-given right to rule.



**BANGLADESH****Finance Minister Presents 1992-93 Budget**

92AS1369A Dhaka *THE NEW NATION* in English  
19 Jun 92 pp 3, 5, 7

[Excerpts]

**Mr Speaker,**

A short while ago the cabinet approved the proposals for submission of budget for the year 1992-93 and revised and supplementary budget for 1991-92 to the Parliament. With your permission, I place these proposals for consideration of this August House. [passage omitted]

2. After submission of the budget last year, this house adopted the Parliamentary form of Government with a view to consolidating the fruits of democracy. As a result, the role of this house, elected through a free and fair election, in formulating guiding principles in national life has been enhanced. Consolidation of Parliamentary form of Government on a more solid foundation thereby establishing real sovereignty of the people is a firm commitment of the Prime Minister Begum Zia and her Government. Effective transfer of power to this democratically elected Government took place less than a year ago. Before the change of government in the face of great mass upheaval, the country was ruled for nine years under a Presidential System which was characterised by centralization of power and absence of accountability. As a result, the economy went through a long recessionary period. This government came to power with the promise to improve the lot of the common man by making the economy vibrant once again. The main theme of my speech today will be the steps being taken to fulfill this commitment, our success as well as failures, and the direction of our socio-economic programme.

**Mr Speaker,**

3. Our economy has been locked in a low-income-low-growth trap. Our history is one of low-growth and marginal improvement while the vast majority of our population continue to live below the poverty line. We have to get out of this morass of poverty by achieving higher growth and improve the quality of life of the common people. But how do we achieve that? First there has to be macroeconomic stability. This is the essential building block for a market economy and the first condition for sustained economic development. We have entered that phase. But we should hold on to it and make further gains in this regard.

4. Political stability and improved law and order situation are also prerequisites for economic development. Furthermore, a national consensus is needed on the goals of the economy. Fortunately, such a consensus seems to have been achieved in many areas. By embracing the market-oriented philosophy, the largest Opposition

Party has made a significant contribution to such consensus building. The size and quality of investment has to be raised. A market oriented and competitive economy has to be built which will be both accountable and corruption free, and will ensure efficient use of resources. As a part of this macroeconomic framework, a liberal trade and investment policy will be followed which will reverse the downward trend in investment and increase it gradually. It is our aim to strengthen economic management, bring back discipline in the financial institutions, make the public sector productive and profitable by removing inefficiency and wastage and at the same time provide all needed assistance to the private sector and make them free from regulatory impediments so that they play their due role in the national economy. It will take time to bring about perceptible changes in the economy of a country which is poor and frequently subject to natural calamities. What is needed is structural adjustments in the key sectors of the economy so that a sustainable growth is achieved. People are the prime movers of the economy; they are also its beneficiary. The economy cannot flourish if the latent skills and entrepreneurship of the people are not used. Participatory development is therefore, our objective.

**Mr Speaker,**

5. The growth path we are seeking is indeed achievable, but we need vast resources for that. We need to generate surpluses for development investment by economising our less productive expenditures and raising the revenue income. But this is not enough. The main problem is that we are caught in the low income-low saving-low investment-low growth cycle. The rate of investment as a percentage of GDP [Gross Domestic Product] rose to 16 percent in 1981-'82 (Annexure-I). But it started to slide down and reached 10 percent in 1990-'91 (Annexure-II). This downward trend in our investment is particularly noticeable in the allocations for revenue expenditure and development projects. The ADP [Annual Development Program] for 1980-'81 had an allocation that amounted to 10 percent of the GDP. It came down to 6 percent in 1990-'91. During the same period current expenditure increased from 5.6 percent of the GDP to 9.7 percent. In terms of money, at one point up to 1981-'82 during term of the BNP [Bangladesh Nationalist Party] Government development expenditure was twice that of current expenditure (Annexure-III). This started decreasing during the last regime and the development outlay of 1989-'90 was three-fourth of revenue expenditure. The low rate of saving cannot of course be fully explained by the poverty of the people and their low per capita income. The rate of savings is few times that of ours in our neighbouring countries and other countries with low per capita income. It can therefore be said that as a nation we have a high propensity to consume. This has to change. We must save and invest more by reducing our consumption levels.

6. One of the structural weaknesses of our economy is that almost one-third of it is outside the organised



market. Twenty-five percent of the labour force is unpaid family labourers and possibly almost as many are engaged in non-formal sector. They are not involved in capital formation or its use. Poor rural people needing capital have to go to the money-lender as the institutionalised money market is outside his reach. Moreover, they do not get appropriate price for their product because of lack of organisational ability. But in spite of all these impediments the marginal farmers and small traders and small-scale producers are contributing about 40-50 percent of the GDP.

7. By bringing about structural changes and increasing investment, the economy has to be activated so that at least 5 percent annual growth rate is achieved. This rate was achieved up to the first two years of the eighties; the rate of growth tapered off to 2 percent in later part of the decade. It would be our aim to reach the desired level of growth once again by increasing revenue. With this end in view, the wastage and inefficiency of the public sector have to be removed and the role of the private and external sectors in the economy have to be made more effective by removing all constraints in their operation. At the same time one-third of the economy that remains outside the formal sector will have to be linked to the mainstream of the economy through increased employment and appropriate market mechanism.

Mr Speaker,

8. The outline of the programme imbued with the philosophy of BNP as has been described earlier was first put in a concrete shape in the 19 point programme of the late President Ziaur Rahman. The vitality and enthusiasm that were thus generated could not be sustained subsequently. We believe that the principles and programme followed by the Bangladesh Nationalist Party established by late President Ziaur Rahman will once again infuse the same vitality in the economy. The programme of economic upliftment announced by Prime Minister Begum Khaleda Zia points to that possibility. The basic tenet of this proposal is that the poor people must be allowed access to the basic needs of life. This includes (a) a recognition of the economic right of the people, (b) to create opportunities for people to devote their skill and energy to the production process, (c) involving the people in building an efficient, progressive and welfare oriented economy.

9. The emerging development perspective has evolved out of this perception. It emphasises human resources development, participation of women in development, and poverty alleviation. The specific policies that will be followed to achieve these objectives are:

(1) Limiting the role of the government mainly in building infrastructure, and development of social sectors like education, health care, family planning, etc., and promoting the role of the private sector in production and distribution activities.

(2) Ensuring adequate allocation for the social sectors in order to ensure basic health needs, family planning and removal of illiteracy.

(3) To build a market oriented economy, bringing about economic discipline and encouraging people's participation and women's role in development, all of which will lead to increased employment opportunities among the people, particularly the low-income 50 percent of the rural poor.

(4) To strengthen national economy through development of the rural economy and prioritisation of agriculture sector.

(5) To make the economy outward looking and competitive by freeing it from protectionism and domestic demand orientation.

(6) A self-activating accountability mechanism to be evolved in all sphere of socio-economic development so that a balance is achieved in micro-level and macro-level planning.

(7) To achieve co-ordination in national environmental policy so that environment degradation can be halted through a planned process.

It must be admitted that market structure in our country is weak and inefficient. We will, therefore, undertake reforms in the administrative machinery and operation of the market. We recognise the positive and supportive roles of established voluntary organisations in our development activities.

10. The participation of the people at the national level has been ensured through adoption of parliamentary form of government. A high level commission has been formed with the aim of establishing an effective local government that would be a participatory development tool at the local level through control over resource mobilization and its allocation. This commission is expected to submit its recommendations very soon, and it is hoped that an effective, participatory local level development structure will be established.

### Three Years Development Programme

11. A three-year Rolling Plan/Programme has been prepared within the overall framework of the Fourth Five Year Plan (FFYP). The major actions under this programme would be: poverty alleviation, human resources development, education, health and other social sector and infrastructural development. The objective of the introduction of the programme is to ensure proper implementation of the current projects undertaken on the basis of realistic estimates of resources, and within the resource envelope identify new projects and determine their priority vis-a-vis current projects over the following two years. There has been improvement in the preparation processing and approval of the projects under the changed procedure. In implementation of projects, however, there still exists some slowness which

needs to be removed for attaining investment momentum and target rate of growth.

#### Annual Development Programme (ADP) 1991-'92

12. The original size of Annual Development Programme (ADP) for the current year was Taka 7,500 crores. Due to slow implementation of the programme the proposed allocation for the revised ADP is reduced to Taka 7,150 crore, though there was no shortfall in the availability of resources. This reduction in revised allocation is 5 percent of the original ADP. The shortfall has occurred in the utilization of project and commodity assistance. The reasons for shortfall in the utilization of project assistance need to be identified by the Government and the development partners. It is hoped that introduction of revised procedures will significantly improve project implementation.

13. In the revised ADP special priorities have been attached to the following sectors: Power, Transport, Water Resources, Agriculture and Family Welfare. In addition, the allocation for infrastructural development in districts and upazilas has been increased from Taka 60 crore to Taka 217 crore in the revised ADP. This has contributed to employment generation and physical infrastructural development of remote areas. The allocations for the four city corporations have been raised from Taka 10 crore to Taka 62 crore. In the revised ADP Taka 95 crore has been allocated for canal digging and Dhaka City flood protection scheme though there was no allocation in the original ADP for these purposes. For rehabilitation of the April '91 Cyclone affected coastal areas 29 projects were included in the ADP with an outlay of Taka 300 crore. Massive construction workers under these projects are at the completion stage. For completion of these projects and economic rehabilitation of the affected people of the coastal zones an amount of Taka 512 crore has been proposed in the ADP of the coming financial year. A number of international organizations and NGOs [Nongovernment Organization] have made their contributions in the construction of Cyclone shelters and other structures over and above investment through ADP.

#### Annual Development Programme (ADP) 1992-'93

**Mr Speaker,**

14. Our policy is to maximum investment expenditure through minimisation of current or revenue expenditure and at the same time planned increase of revenue receipts. Consistent with this policy the ADP allocation for 1992-'93 has been estimated at Taka 8,650 crore which is 21 percent higher than this year's revised ADP. For the first time in five years it has been possible to allocate larger amount for development than the revenue sector (Annexure-II). Considering the major contribution of the Agriculture sector in the national income, highest allocation has been proposed for Agriculture and water resources sector which is Taka 1,416 crore. In the Education sector Taka 782 crore has been proposed

against this year's revised allocation of Taka 492 crore. This 59 percent increase is the highest for a single sector. The lion's share of this allocation is meant for the expansion of primary and mass education for which the proposed outlay is Taka 562 crore. This is 58 percent more than the revised allocation of 1991-'92. In terms of resource allocation Primary education will continue to enjoy a high priority. A three-year programme has been undertaken for rehabilitation of nearly 9,000 primary schools and nationalisation of one girls' school and a college in those upazilas which do not have any government girls' school and government college. As a part of implementation of this programme an amount of Taka 100 crore has been proposed fully out of own resources. This will contribute to eliminating the curse of illiteracy and generate new employment opportunities for 20,000 teachers in the next three years, most of which will be filled up by women. Allocation has been increased considerably for the following social sectors also: health, family-welfare, women's affairs and youth development. The highest ever ADP allocation has been proposed for power sector at Taka 1,140 crore in order to ensure uninterrupted power supply and proper implementation of on-going projects.

#### Power Sector

15. The mismanagement and wastage of the power sector is a serious problem, for which foreign assistance to this sector remains suspended. As a result, the entire sector faces a serious situation. Production in the industries sector and our export trade are being adversely affected by disruption in power supply. Unless this problem is solved soon, the whole economy of the country will be in jeopardy. Last year I had referred to this problem in rather harsh terms in my budget speech. At that time the system loss was 41 percent at the national level. The Government has been trying to bring down the system loss to acceptable limit. It is hoped that by September this year there will be an appreciable reduction in system losses in both PDB [Power Development Board] and DESA [expansion not given]. The differential slabs in power tariffs have perhaps exacerbated the system losses and consequent loss of revenues. The matter is under close scrutiny and review by the government.

#### Energy Sector

**Mr Speaker,**

16. Receipts from Bangladesh Petroleum Corporation is a dependable source of revenue to the Government. We have to evolve a system of user charges for proper maintenance and rehabilitation of the expanding road network in our country. It is not possible to construct roads only with the fund borrowed from abroad. Domestic resource is used for the welfare of the people as it is allocated for various developmental works. I hope you will agree that reduced POL [Petroleum Oil & Lubricant] price will only result in reduced resource for the Government, but the general public will not get any benefit out of it, as there is no guarantee that there will

be proportionate reduction in transport fare. Since Government had agreed to consider the matter, it has been decided to reduce fuel price by 30 (thirty) paisa per litre. As a result, the Government will lose, directly or indirectly, about 50 (fifty) crore taka as revenues which could be used for development. Even at this cost, the Government has taken this decision to give incentive to the transport sector and we hope that the transport owners will come forward to raise their standard of service. Some more incentives for the transport sector will be announced in the next part of my speech.

#### Revised Budget for 1991-'92

17. 1991-'92 original budget included a revenue of Taka 9,100 crore out of which tax revenue was to the tune of Taka 7,498 crore and non-tax revenue was Taka 1,602 crore. Some new tax measures were adopted early this year prominent among which was value added tax or VAT. VAT has been helpful in our resource mobilization effort. Estimate under this head in the original budget was Taka 1,552 crore; in revised budget it is estimated at Taka 1,675 crore. As there has been some gains in other taxes, Taka 243 crore will be available as additional revenue in the revenue budget. Non-tax revenue will also yield an additional Taka 174 crore. As a result with an additional Taka 417 crore total revenue in the revised budget will stand at Taka 9,517 crore. Substantial gains have been achieved in small scale savings through the National Savings Schemes. Net surplus in this area is estimated to be Taka 616 crore in the revised budget. Through increase in revenue and savings, an amount of Taka 1,787 crore will be available for financing of the annual development programme from domestic source as against Taka 1,108 crore estimated in the original budget.

18. Estimated revenue expenditure in the original budget was Taka 8,083 crore. This has been revised to Taka 7,900 crore in the revenue budget. Additional expenditure of about Taka 400 crore for increased salary for the Govt officials that became effective early this year is included in the revised estimate. Reduced expenditure has been estimated for contingencies in Government offices and for foreign interest payment, payment of subsidies, and additional allocation of Taka 108 crore has been made for operation and maintenance. This increased allocation for C&M will mainly be available for upazila roads, primary health units, primary schools and irrigation structures.

19. Early this year a large number of refugees entered Bangladesh from neighbouring Myanmar. Their influx is still continuing and their number has increased to 260,000. In spite of earnest attempt of the Government these people have not returned to their homeland. This has put some pressure upon our limited resources despite the assistance from external sources.

20. Originally it was estimated that domestic resources for financing of this ADP for 91-92 would be around 14 percent. In 90-91 ADP it was 8 percent. As against 14

percent in the original ADP for this year, domestic contribution in the revised ADP has been estimated at 25 percent of the total. By sustaining this effort at self-reliance domestic resource will be more than 27 percent in the ADP for next financial year.

21. It is undeniable that even if domestic contribution to the ADP gradually increases, we will remain dependent on foreign aid for substantial portion of development expenditure up to the year 2000. But it must be recognised that the political and ideological changes that are taking place in the world will bring about quantitative and qualitative change on the availability of foreign aid. Countries seeking aid are being advised to restructure their economy to be internationally competitive and mobilise domestic savings and investment. We, therefore, have to ensure optimum use of all foreign assistance. The structural weaknesses of our economy that resulted in wastage and inefficient use of resource have to be removed as a condition for getting foreign assistance. Structural adjustments in the economy are needed in our own interest and as they will improve our competitiveness in terms of productivity and skill. The process of structural adjustment may be painful but it is a necessary condition for our economic viability.

#### Mr Speaker,

22. In the consortium meeting in April this year, our development partners appreciated our stabilization measures. They have committed an aid package of U.S. Dollar 2.2 billion for the next financial year. It is pertinent to mention that this year the donors have committed aid rather than pledging it. This firmer commitment of aid is a reflection of the confidence of the international community on our economic management. There are some who contend that we are being compelled to submit to difficult and onerous conditions imposed by the IMF and the World Bank. I, in most emphatic terms, would like to say that nothing can be further from truth. This Government has not accepted any condition that it does not perceive to be in the national interest. Mr Speaker, there is no alternative to reform. However difficult the task is, we will not flinch from it. We can only shy away from the path of reform at the risk of marginalisation of our country in a rapidly evolving global economy. We are however careful that the deprived section of the people are protected from the adverse effects of structural adjustment. The needs of those who are relentlessly struggling to meet the bare essentials of life are indeed very meagre and we must see that these needs are not curtailed when the economy is going through the process of transformation.

#### Revenue Budget 92-93

23. Revenue income for FY92-93 has been estimated at Taka 10,554 crore. This includes tax revenue of Taka 8,573 crore and non-tax revenue of Taka 1,981 crore. Revenue expenditure has been estimated at Taka 8,550 crore. Increase in the revenue expenditure over the revised estimate this year is little over 8 percent. Highest

allocation of Taka 1,592 crore has been proposed for the education sector which is about 19 percent of the total revenue budget. Substantial increase has also been made for the health and family planning sector. Allocations for education and health sectors have been increased by 27 and 24 percent respectively of the original allocation. The increased amount in these two sectors will be spent on enhancing the facilities in the rural health and primary education institutions. After adjustment of the deficit of domestic, capital head and food budget, an amount of Taka 1,914 crore will be available for financing the ADP on the basis of existing taxes (Annexure-III).

24. The rate of inflation last year was 9 percent. During the last nine months of the current financial year, the rate of inflation has been estimated to be 5 percent. This is the lowest rate of inflation in the last five years (Annexure-IV). This is exceptional in the Asia-Pacific region. Adequate supply of consumer goods in the market and stability in price of rice and other essential consumer goods have contributed to this low rate of inflation.

25. The contractionary trend that set in during the year 90-91 continued during the first five months of the current year. It showed some expansion from December '91. Broad money increased by 6.19 percent as against 3.15 percent last year. But this expansion is substantially lower than the target fixed for the first nine months of the year (Tk 2,625 cr or 10.50 percent). Narrow money declined by 1.46 percent as compared to 2.46 percent reduction in the previous year. In the first nine months of the year total domestic credit declined by 0.52 percent and stood at Taka 25,236 crores, which was an increase of 3.43 percent in the previous year. During this time, credit to the public sector declined by 21.85 percent and stood at Taka 1,715 crores.

26. Agriculture remains the most important sector of our economy. Privatisation of supply of inputs to this sector has been beneficial. Credit programme for the agriculture sector contributes to growth, development of the socio-economic condition of the rural poor and marginal farmer, and above all to the effort at attaining self-sufficiency in food production. In consideration of this, the credit programme in this sector has been made easier this year and the agriculture/rural credit institutions and Banks have been given power to prepare and implement their own credit programme. As a result of this, agricultural credit the period July-April this year stood at Taka 641 crore more which is Taka 146 crore more than the credit available during the corresponding period of last year. During the last two years, recovery of loan was higher than fresh loan. This trend has been reversed this year. As per Government declaration, loan up to five thousand taka with interest has been forgiven. Up to 15 March 1992, this exemption amounted to Taka 2,162 crore. Government will compensate the banks for the net 50 percent of the forgiven amount. For this purpose, bonds for Taka 800 crore have already been issued. Revenue budget for the next year includes Taka 60

crores as interest on these bonds. Such interest burden will continue [to] be borne in the revenue budget in years to come.

27. At present the establishment expenditure of Ministry of Land comes to about Taka 90 crore, whereas collection of land revenue is about Taka 60 crore. As a result, Govt has to expend an additional amount of Taka 25/30 crore. To improve the situation to an end, Ministry of Land is actively considering the proposal of raising revenue by re-fixing the rate of land development tax on the lands used for industrial and commercial purpose and on land in municipal areas.

28. Though the contribution of the industry sector in our economy is quite low, it assumes a leading role in organised employment generation and in export and import trade. But for a number of reasons, growth in this sector is declining. Except for a few industries, most of the sector is burdened with a number of problems. In particular, the public sector industries are incurring losses. Labour productivity in these industries is quite low and in many places there is excess labour. The Government has taken steps to implement voluntary labour reduction plan and their rehabilitation where possible. A lump provision of Taka 150 crore has been made in the budget next year for payment of retirement benefits for such employees. A provision for Taka 100 crore has been made in the ADP next year to create a fund for rehabilitation of industrial units.

#### Savings and Credit Management

29. In a competitive economy proper management of financial institutions is a precondition for growth. This Government inherited a very weak and ill-managed banking sector. We have introduced far-reaching reforms in the economic sector in order to strengthen the role of these institutions in financial management. Under the financial sector programme, policies measures have been adopted regarding classification of loans of the banks, bad debt provisions and stoppage of payment of interest. Financial institutions of Bangladesh have been made free from the restrictions on interest rates and on direct control over loans. Banks have been given powers to determine interest rate except for export small and cottage industry and agricultural loans. Bangladesh Bank lowered bank rate from 9.25 percent to 8.5 percent in the context of low inflation and to stimulate investment. Interest rates on savings certificates and on bonds of the National Saving Directorate have been lowered in line with the lowering of bank rates. It is expected that due to lowering of interest rate on deposits, banks will also lower their lending rates substantially and as a result investment will be encouraged and industrial sectors will gain momentum. This is so because with the lowering of inflation there has been no reduction in interest rate in real terms. In respect of currency regulations the Central Bank has introduced indirect regulations in place of direct control. There will be no more sale of treasury bills on administrative instruction. As a first step towards establishment of competitive capital



market, interest rate on treasury bills will be fixed on the basis of competitive auctions and different time bound treasury bills will be introduced. Consequently, a first step towards laying the foundation of an active capital market has been taken.

#### Financial Sector

30. After the Banking Company Act, 1991 was put into operation, supervision of the commercial banks was strengthened. In order to improve management of deposits, strict standards have been fixed for lending of capital. Government has floated bonds for taka 1,730 crores to augment capital and to make provisions for bad and doubtful debts of the four nationalised banks. In the meantime an expert committee is reviewing the banking company law. Amendments will be made in banking law soon to further strengthen provisions of supervision. In the context of liquidation of BCCI [Bank of Credit and Commerce International], internationally, transactions in all its branches in Bangladesh have been postponed. Reorganisation of Bangladeshi branches are nearing completion and it is expected that the reorganised bank will start operation from next month. Because of the uncertainty and complexity of the ownership of BCC [expansion not given] Foundation, Small Industries and Commerce Bank known as BASIC has been acquired under the Banking Companies Act.

31. Different non-banking financial institutions have grown irregularly in the last 9 years under the umbrella of an autocratic rule. For such institutions, legal supervision was loose as their number was very small and their operations limited. Recent experience of corrupt and bad management of some of these financial institutions demonstrates the necessity of supervision and monitoring of such institutions. Framing of a new law for non-banking financial institutions is low in the final stage.

32. Without an effective capital market, success of market oriented free economy is not possible. Activities of institutions in the capital market are not encouraging at all. In the current year, Government has withdrawn restrictions on non-governmental share sale, bonus share, right share and on salary and allowances of the chief executive. For the capital market, organisational framework is being recast and drafting of new law for an independent Securities and Exchange Authority is in final shape. In the first stage of reactivating the development of financial institutions, Government has decided to privatise Bangladesh Shilpa Rin Sangstha. The problem of housing for the lower and middle classes is becoming acute. We are aware of the problems and prospects in this sector. In order to encourage investment in the housing sector government has decided to reactivate Bangladesh House Building Finance Corporation. For this purpose the capital of this Corporation has been substantially increased. The Corporation will once again be able to start lending operation soon.

#### Exchange Rate Management Policy

33. In case of foreign exchange management, Bangladesh bank has been pursuing a Policy of Flexible Exchange Rate. The aim of this policy is to expand export trade keeping competitive strength of taka i.e., to reduce the gap in balance of trade, to develop an efficient import substitution industry. Keeping these aims in view the Real Effective Exchange Rate is fixed which is readjusted in case of necessity with the intervention currency. From July, 1991 to April, 1992, the value of taka has been readjusted against U.S. Dollar. As a result, at the end of April, 1992, adjusted exchange rate stood at 39 taka for one U.S. Dollar. Consequently taka has been devalued 9 percent against U.S. Dollar in the period under consideration. I consider it pertinent to emphasise here, Mr Speaker, that an active Exchange Rate Policy can be helpful only in production of exchangeable commodity and in increase of export. But real benefits will not come unless reforms are made in those sectors where low-productivity, adverse labour-owner relationship, excessive regulations and other distortions are existing. Besides, in long time perspective, flow of capital, liability of entrepreneurs which increase manifold due to change of exchange rate and such type of encompassing factors should be considered while framing Exchange Rate Policy. As such adjustment of Exchange Rate can be considered as an effort to remove structural imbalance but not as an alternative to sectoral reform programme.

34. While pursuing a policy of Real Effective Exchange Rate (REER) there was no rationale for keeping dual rate in the Secondary Exchange Market. As a result, from 1st of January, 1992, one effective unified currency exchange rate has been introduced merging official rate and the secondary exchange rate. The foreign exchange reserve increased from 881 million at the end of June, 1991 by 656 million dollars and has reached 1,537 million dollars at the beginning of this month which is an all time high (Annexure-V). However, receipts of 766 million dollars received under different assistance programme are included in this figure.

35. In July-March period in FY 1991-92 the balance in foreign trade of the country showed some improvements. During this period deficit in the balance of trade stood at 963 million U.S. dollars which was U.S. dollar 1,290 million during the corresponding period of last year. The export target has been fixed at U.S. dollar 2,151 million for FY 1991-92. Thus export earnings stands at 63 percent in terms of dollar for the first nine months of the financial year. But the effect of the recession prevalent for sometime in the economy and the trade throughout the world is still continuing. Besides, there has been a shortfall in couple of our export items especially frozen food, tea and raw jute. In spite of these impediments, shortfall in export earnings is expected to be marginal due to improvement in export of readymade garments and hosiery products. In FY 1991-92 the target for expenditure on account of imports was fixed at 3,954 million U.S. dollars against which real imports took place for 2,308 million dollars representing 58 percent of



target. If the current trend for imports continues, volume of imports at the end of FY will remain substantially below the target level. The import contraction is basically a reflection of the recession prevalent during the first six months of the year. Import trade will further be liberalized keeping in view production and expansion in exports and in harmony with international market environment but the genuine interests of local industry will be protected. We have noted a declining trend in the utilisation of project and commodity assistance. This had an adverse impact upon the economy. Considering our good foreign exchange reserve position we are adopting some specific measures to stimulate imports of capital machinery, spares, intermediate goods, industrial raw materials, etc. We will also encourage imports for the transport and construction sectors. Besides generating revenues, such measures will contribute to buoyancy of the economy. Our objective is essentially a trade-related and not an aid dependent growth for the country. The second part of my speech includes specific measures to be adopted in this regard.

36. Our trade policy aims at developing export-oriented industries and making them internationally competitive in terms of quality and price. We have to diversify trade by rationalizing and reducing tariffs and wherever possible by withdrawing restrictions including quantitative restrictions on imports. The Government has already taken some measures along these lines. Exporters will be allowed to retain greater percentage of their export earnings to expand their own exports. This rate now stands at 2-2.5 percent of export earnings. We have decided to increase the retention rate to 10 percent in the next financial year. However, this rate will be limited to 5 percent for exports where value addition is low.

37. In the past, ultraprotectionist policies encouraged wasteful, mismanaged and inefficient industries. As a result more efficient sectors, specially in the rural economy, were deprived of loan and investment. Consequently it has led to distortions in resource management and inevitably contributed to a fall in productivity of investments. We hope that trade liberalization will make our industries competitive in the international market and this will contribute to a shift of resources from the inefficient to efficient sectors. The ultimate aim of our trade policy and trade liberalization is to stimulate economic activities to generate employment and to make the external sector competitive and viable. In implementing this policy, we hope to encourage backward integration and higher value addition through necessary investment and technology transfer.

**Mr Speaker,**

38. We believe that people, particularly the youth of our society, are an invaluable resource. We have a comprehensive programme for imparting vocational skills and dissemination of production oriented education. Open university will be one of many institutions devoted to this purpose. Manpower development sector has the high priority in our national plan. By stimulating productive

investment in agriculture and agro-based industry employment opportunities will be created. Further, the planned development and diversification of the external sector and exploitation of our comparative advantage in labour intensive industries will result in employment and income generation which is a sine-qua-non for freeing our people from the poverty trap.

39. Despite our success in macro-economic management much of its beneficial impact has been eroded by our unsatisfactory performance in some key micro sectors such as power, jute, textile, light engineering, railways, etc. These important sectors are bedevilled by high system losses, pilferage, and inefficiency. Excess capacity has been a major problem in manufacturing sectors—both public and private. These are the result of ill-conceived investment and rent-seeking. Declining labour productivity and indiscipline as well as management incompetence have further exacerbated the situation. Unless we take stern corrective action in these micro sectors we cannot achieve our economic objectives.

40. As the nation looks to the future, we perceive the task before us is difficult and challenging. Our efforts in the direction of institutional reforms and restructuring of the key sectors of the economy will be inspired by the ideals of freedom, self-reliance and recognition of human rights and dignity. We are determined that our energies should be devoted towards optimisation of our growth potentials and betterment of the quality of life of the people with particular attention to the most deprived and least privileged segment of our society. In our expenditure programme we have attached a very high priority to improving the quality, effectiveness and coverage of human development services.

41. In very recent past we have witnessed the collapse of the socialist economies and the appalling inefficiency and waste of resources, both human and material, in such systems. We believe that on the efficacy of a market economy free from rigidities and regulatory constraints a consensus has emerged amongst people of divergent political views. This is a source of great strength. Our people have amply demonstrated fortitude and courage to struggle unitedly against impossible odds and emerged triumphant. Thus I can say with all emphasis that given the political will and unquenchable faith in the common weal we will reach our goal. Let us, therefore, eschew our petty differences and respond to the challenges that lie ahead with common resolve and purpose.

**Mr Speaker,**

42. There is no alternative to reform. Through a well-organised structural adjustment programme, all distortions, rigidities and imbalance of the economy must be eliminated; otherwise Bangladesh will remain marginalised and locked up in the vicious circle of poverty. The economic strategy and the policy for resource mobilization that will be followed to achieve that objective will be dealt with in the second part of my speech.

**Minimum Price Structure Aimed At**

**FISCAL MEASURES**

**Mr. Speaker, Sir,**

While presenting the budget for 1991-92 fiscal year in this Parliament, I referred to the anarchy, depression, indiscipline and irregularities in the economic sphere prevailing at that time and indicated the ways to get out of that crisis. We proposed thorough reforms of the fiscal system in order to gear up domestic resource mobilisation. At that time, many people had fears and reservations: in the light of experience we can now say that these fears and reservations were unfounded. The fiscal reform measures undertaken by the government in the previous budget have already started giving desired results. A dynamism has been generated in our worn-out tax system. This achievement was made possible by the strong leadership of Prime Minister Begum Khaleda Zia and the spontaneous support of the people. But there is no room for complacency, for our destination is still far away. [passage omitted]

2. The aim of the reform measures proposed by us was to raise the revenue-GDP ratio through enhancing the growth rate of revenue. For achieving this, we proposed to rationalise fiscal laws and structures, improve fiscal management and expand computerization. During 1990-91 fiscal year, the revenue-GDP ratio stood at 10 percent. We expect that during the current fiscal year this ratio will increase to 11 percent. During the time of President Shaheed Ziaur Rahman, the annual growth rate of taxes and duties under the National Board of Revenue was more than 20 percent. This rate declined to 15 percent during the past decade. We have been able to reverse this declining trend of tax collection and internal resource mobilisation. The realisation of tax revenue up to May of the current fiscal year has been 25 percent higher than that of the same period in the previous year.

**Mr. Speaker, Sir,**

3. Like many other countries of the world, a policy of economic development through import substitution has been pursued in Bangladesh for a long time. It was hoped that local industries would flourish behind the high tariff wall applicable for final products. In certain cases, administrative bans and quantitative restrictions were imposed to protect domestic industries. It is now apparent from the experience of a number of countries that, in many cases, this policy has retarded overall economic development. It has been said that inefficient industries incapable of international competition grow up, sheltered by the high tariff wall and administrative control. Although these industries may be profitable from a private entrepreneur's point of view, optimal and efficient utilisation of domestic resources does not take place in these industries. In general, these open up opportunities for "rent seeking" at the cost of the genuine interests of the consumers.

4. Import substitution industries artificially compress demand for foreign exchange which leads to misalignment of exchange rate; and because of the resultant artificially overvalued exchange rate, the prices of Bangladeshi products become too high in the world market. It becomes difficult for export goods to be competitive internationally. On top of this, the existence of monopoly and opportunities for rent makes import trade and investment in import substitution more attractive, which discourages investment in export-oriented industries.

5. An important obstacle to industrialization and economic development through expansion of import substitution is the limited size of the domestic market. On the other hand, the export market is large for small countries like Bangladesh. Thus, an export led growth strategy is more appropriate for us. It is possible to sell goods of international standard in the world market at competitive prices. If an export led growth strategy is adopted, domestic industries will have to maintain efficiency at international levels; and the environment unfavourable to attaining high efficiency will have to be removed gradually. The reduction of high tariff rates will eliminate the exchange rate misalignment. On the basis of a realistic and appropriate foreign exchange rate supportive environment and dynamic comparative advantage, efficient industries will develop which can compete in the export market or meet domestic needs. It is observed from the recent experience of developing countries that export growth, economic development and poverty alleviation are correlated; on the other hand, a closed door or inward looking economy is a deterrent to development and poverty alleviation.

6. Our views are supported by the recent international experience on economic management and development strategy. The Government controlled economies of the former Soviet Union and Eastern Europe have disintegrated the moment they came in contact with the outside world. Contrary to this, many countries of the world achieved socio-economic development through export led growth strategies. Our neighbouring countries like India, Pakistan, Sri Lanka, Vietnam, Thailand and Indonesia have adopted well-designed policies for setting up liberal and competitive economic systems. The favourable impact of these policies are already visible: investment has been encouraged and foreign investment attracted. In step with the countries of this region and the rest of the world, we have to effect reforms and inject dynamism into the process of economic development. Export led growth strategy, liberal competitive economy and minimisation of bureaucratic control by the government are all parts of this process.

**Mr. Speaker, Sir,**

7. We have to bear in mind that there is no reform process without pain. All of us, including the industrial entrepreneurs, will have to respond to this challenge by increasing efficiency. Those who enjoy opportunities for rent in an inward looking economic system subject to

bureaucratic control will be naturally frightened by this change. They will try to bring undesirable pressures on the government of perpetuating the traditional system. But in the greatest interest of the society and the country, we have to surmount these obstacles and follow an appropriate socio-economic development strategy. In harmony with the international trend of change, Bangladesh has to march forward in creating an open and competitive economy. It has to be remembered that the future of the democratic system and improvement of the common man are inseparably intertwined. Self-reliant socio-economic development, improvement of people's condition, evolution of our integration with the changing international environment, taking advantage of the opportunities of the expanding world trade—all these have collectively defined the context of our reform efforts.

**Mr. Speaker, Sir,**

8. Our income tax system is anachronistic and weak in a number of ways. The high rates of tax and large number of rates discourage voluntary compliancy by the tax payers. On the other hand, too many exemptions create scope for tax easing and increase the discretionary powers of the tax officials. The number of income tax-payers is also negligible—less than 5.5 lakhs in 1991. A simple, transparent and flexible income tax system can change the present situation. The ideal objectives of such a system would be: reduction of high rates of tax; minimisation of multifarious exemptions and their rates; simplification of return submission and tax payment procedures; and reduction of discretionary powers of tax administration. I believe that such a modernised tax system would be administratively simple and efficient, encourage the tax payers to perform their due responsibilities, remove tendencies to evade taxes, increase the number of tax payers, and facilitate growth of tax collection.

9. Many weaknesses and distortions exist in case of import duties as well. In the past, in order to increase revenue through temporary measures or to meet exigencies, import duty rates were changed on an adhoc basis and different types of surcharges and levies were also imposed. At present, the duty rates are very high and too many in number. The basic duty structures have become distorted as a result of importer specific exemptions or exemptions granted at different rates. These arrangements have, on the one hand, increased scope for evasion and, on the other, enhanced the discretionary powers of the customs authorities. I have already mentioned the adverse effects of high duty rates—e.g., rent seeking, anti-export bias and smuggling. This year we propose to adopt a special programme to rationalise the customs tariff structure through reducing high duty rates and their numbers, limiting the scope of exemptions and their rates, and simplifying valuation and duty collection procedures. This will help modernise the tariff system and attune it better to the needs of the time. Let me now describe briefly the important features of the proposed reforms of the duty structure. The existing 11 duty rates

would be reduced to 7—namely, 100, 75, 60, 45, 30, 15, and 7.5 percent. The highest duty rate would be 100 percent; higher rates would, however, apply to alcoholic beverages and certain luxury goods. In most cases, duties would be reduced to 75 and 60 percent respectively from the present 100 and 75 percent; in certain cases reduction of duty would be even more. The lowest duty rate would be fixed at 7.5 percent and all duty exemptions would be removed. However, full exemptions may continue for a limited number of goods only by way of exception. As a result of the reduction of duty rates and their number, it would be easier to collect duties; and because of expansion of base, it would be possible to mobilise more internal resources while keeping incidence at a low level. In the end, I want to state that the programme for phased restructuring of duty rates would continue as a part of the ongoing economic reform programme; further rationalisation will be effected in future consistent with our socio-economic need and the international environment; as a result economic efficiency will increase and local and foreign investment would be encouraged.

10. Different reform measures were introduced in 1991-92 budget in the area of fiscal policy and fiscal management. As a sequel to these, different ministries, the Tariff Commission and the National Board of Revenue have examined different aspects of the revenue system and the economy. I have also discussed these issues with my colleagues. Recently, I have discussed issues relating to tax system and overall economic condition and policies with the members of the trade and industry, professionals and political leaders regardless of their party affiliations. Our intention is not to use the tax system solely as an instrument to raise revenue but also to use as one of the factors facilitating the process of economic development. I have benefited immensely from these discussions.

**Mr. Speaker, Sir,**

11. I am presenting the important reform measures of both the direct and indirect tax systems.

## DIRECT TAXES

### Income Tax:

12. In the realm of income tax both structural and administrative reforms have been proposed. Simultaneously with the reduction of tax rates, a transparent, simple and progressive taxation system has been proposed to replace the existing one. The scope of self-assessment has been widened significantly and the procedure made simpler. In addition, effective steps have been proposed to reduce procedural delay in framing assessment, issuing refund, registering firms and granting tax holiday. Besides changes in the statute, necessary steps are being taken to modernise tax administration and improve efficiency of tax administration. The government strongly expects that the proposed measures will broaden the tax-base and induce voluntary

compliance by tax payers on a larger scale. The cumulative effect of all these measures will enhance accountability and transparency of the tax administration and reduce discretionary powers of the taxation authorities.

13. In my last budget speech, I had indicated certain reforms and restructuring of taxation department designed to improve tax collection in the context of increased demand for resources. The implementation of the proposed scheme of restructuring has commenced. Among the important reforms are included creation of two additional posts of Members in the National Board of Revenue, four posts of regional Commissioners, five posts of Commissioners (Appeal), establishment of a separate Survey Zone, a Training Academy for taxation officials, and three additional benches of the Taxes Appellate Tribunal. Tax officials will be deployed more effectively at the institutional level for collecting information to identify new sources of revenue and to counter tax-evasion. Effective from July, 1992, tax officials will not visit the business premises or residences of tax payers except on prior approval of their higher authorities.

Mr. Speaker, Sir,

14. I propose to bring about a fundamental structural change in income tax system with a view to making it more efficient and progressive. I propose to replace the existing "filing threshold" by the "conventional exemption limit" system. At present, the maximum limit of income not liable for tax is Taka 40,000 in the case of assesses other than companies and non-residents. For income exceeding this limit, tax is levied on the entire taxable income determined after deduction of admissible allowances on a straight-line method. In the proposed system, tax will be charged only on the residual amount of income after deduction of Taka 40,000 from total income and, subject to certain conditions, tax credit will be allowed at a uniform rate for admissible investments. In other words, under the existing system, in the case of a person having a total income of Taka 41,000 tax is levied on the entire amount after deduction of admissible allowances. But, under the proposed system, Taka 40,000 shall be deducted and tax will be imposed on the balance of Taka 1,000 only. All tax payers in general—and particularly those in relatively lower income bracket—will benefit from the new system. Revenue loss on account of the change is estimated at Taka 60 crores.

15. In order to bring down the highest personal income tax rate from 45 percent to 30 percent, I propose to restructure personal income tax rates as follows:

- On first Taka 40,000 total income Nil
- On next Tk. 20,000 of total income 15%
- On next Tk. 1,50,000 [as published] of total income 20%
- On next Tk. 3,00,000 [as published] of total income 25%
- On balance of total income 30%

It may be noted that under present system the highest amount of personal income tax is limited to  $\frac{1}{3}$  of the income in excess of Taka 40,000. In the proposed rate structure, the highest amount of tax will be limited to only  $\frac{1}{4}$  of such income. The government firmly believes that the reduction in personal income tax rates will encourage the assesseees to voluntarily declare higher and correct income and thereby contribute to our development efforts.

16. The existing corporate tax rate for industrial companies whose shares are traded publicly is 45 percent and the rate of those whose shares are not publicly traded is 50 percent. It is proposed to reduce these rates to 40 percent and 45 percent respectively, which will benefit the tax payers. For banks, financial institutions and all other classes of companies the existing rate of 55 percent will continue. Revenue loss on account of reduction of corporate tax rate is estimated at Taka 35 crores.

17. Under the present legal provisions, quite a few classes of tax payers have been kept outside the purview of self-assessment. There is also the requirement that total income increases by at least 10 percent every year. It has been observed that the existing legal conditions and requirements discourage the assesseees from filing returns under self-assessment procedure. To encourage tax payers to take benefit of the self-assessment procedure, I propose to liberalize widely its scope. It is proposed to extend self-assessment procedure to all assesseees, subject to minimal conditions. Companies and their directors holding more than 5 percent share, however, shall remain outside the scheme. There will be no ceiling of total income for filing returns under self-assessment procedure; the minimum tax, however, will be Taka 1,500. The effectiveness of this procedure and its expanded scope in eliminating tax-evasion will be scrutinised through random sampling using computer. If any evasion or incorrect disclosure is detected, the government will take steps to impose exemplary punishment including penalty in accordance with the law. Broadening the tax-base is expected to yield revenue of Taka 10 crores.

18. According to the existing law, capital gains tax is payable on gains arising out of disposal of government securities and stocks and shares of public companies as in the case of other capital assets. In order to help the share market become more active, it is proposed to exempt gains arising from capital assets of this category from capital gains tax.

19. Interest on debentures is now exempt from tax up to Taka 15,000. It is proposed to raise this limit to Taka 20,000. Exemption limit for dividend will remain at Taka 30,000.

20. The existing income tax law provides for imposition of tax on the amount paid as income tax by an employer on the salary income of the employees. This involves complex calculation to determine the amount of tax-demand of the concerned salaried assesseees. To remove



this complexity in tax calculation and to prove relief to the salary earners, it is proposed to do away with tax-on-tax.

21. Under the existing provisions relating to computation of income from house property, 1/6 of the annual value of such property is allowed a statutory deduction for repairs. Up to 2.5 percent of the annual value is also allowable as charges for rent collection, subject to production of satisfactory evidence. To obviate the taxpayers' difficulties in producing corroborative evidence of collection charges and to make the assessment process simpler, it has been proposed to merge repairs and collection charges together and allow 1/5 of the annual value as statutory deduction. As a result, house property owners will enjoy higher benefit than before. In addition, it has been decided to set up a "Central Cell" under the National Board of Revenue which will provide guidelines for determining annual value of house property in the important urban areas and thus help streamline the procedure and remove the wide variations in reported or assessed rental value.

22. Currently, Bangladeshi residents, not being companies, who remit income arising outside the country through official channels are required to pay at 30 percent or at their personal tax rate, whichever is lower. In the case of companies making such remittances rebate at 10 percent is allowed on the amount of remittance. In order to encourage repatriation of income earned abroad for investment in Bangladesh, I propose to extend certain benefits to all classes of assessee. Should they invest their foreign income in setting up any new industry in Bangladesh, or in stocks, shares or government bonds, or use such income in the purchase of industrial units sold in auction by government-owned financial institutions, the amount so invested will be exempted from income tax.

23. At present, rebate is allowed to exporters at varying rates subject to fulfilment of certain conditions. If the manufacturer himself is the exporter, tax rebate is allowed at the maximum rate of 60 percent, if the exporter himself is not the manufacturer, rebate is allowed at the maximum rate of 40 percent. To remove the complex set of conditions, classification of exporters which baffles the mind, and provide incentive and benefit to all classes of exporters, I propose to allow tax rebate at 50 percent on income attributable to export. This will obviate the present procedural complexity in allowing rebate on income from export and it is hoped that small exporters will benefit more. Loss from revision of rates of rebate is estimated at taka 5 crores.

24. Simple interest is now payable at 18 percent on the difference between the finally assessed tax and the advance tax paid by the assessee, if the amount of tax paid in advance falls short of 75 percent of the assessed tax. To reduce the burden of the taxpayers and rationalise imposition of simple interest, it is proposed to charge simple interest on the difference between 75 percent of the finally determined tax and the tax paid in advance.

In view of the recent adjustments in interest rate structure, I propose to reduce interest rate from 18 percent to 12 percent which will be charged by or paid by the government, as the case may be. At the same time, it is proposed that, at the option of the assessee, the undisputed refund can be treated as advance payment of tax by the assessee. Loss of revenue is estimated at Taka 3 crores on account of the proposed changes.

25. The law currently requires all assessee, other than individuals, to obtain "transfer of property clearance certificates" (T.P.C.C) from the Deputy Commissioner of Taxes before transferring any immovable property. The process is inconvenient and takes time. For the convenience of all classes of transferors and for making the process of transfer quick and simple, I propose to abolish the system of obtaining clearance certificates. At the same time, I propose that the existing rate of deduction of tax at 5 percent at source by the registration authorities be raised to 6 percent. It is estimated that this would yield additional revenue of Taka 10 crores.

26. Taxpayers suffer from uncertainty as a result of delay in giving decisions by tax authorities in respect of certain proceedings under the Income Tax Ordinance. To improve this situation and ensure expeditious decision, the following steps are being proposed:-

(a) The time-limit for decision by the National Board of Revenue on applications for tax holiday will be reduced from 6 months to 3 months, provided that the application is accompanied by all requisite information and complies with all legal provisions.

(b) Assessing officers will be required to pass assessment orders within one month of final hearing.

(c) Decision on application for registration of partnership firms will be given within one month of filing of the return, failing which the firm will be deemed to have been registered.

(d) Time-limit for giving effect to orders on appeal shall be reduced from two years to sixty days.

(e) Refund created in consequence of any order passed in appeal or other proceeding will be paid to the assessee within one month from its creation for which no application from the assessee will be required.

27. In view of introduction of the "Conventional Exemption Limit" system and substantial reduction in tax rates, it is proposed to reduce the maximum rate of investment allowance from 30 percent to 20 percent, the ceiling will remain at taka 1 lakh. The assessee in the lower income group will benefit more from the proposed change.

28. Under the existing rules, benefits provided by the employers in the form of unfurnished accommodation are added at the rate of 15 percent and 20 percent, respectively, of basic salary to the total income of the assessee. Keeping in view the rise in house rent, I propose to enhance these rates to 20 percent and 25



percent, respectively. As a result of this adjustment, an additional amount of revenue of taka 2 crores is expected.

**Mr. Speaker, Sir,**

29. The Income Tax Ordinance provides for deduction of tax at source from importers and exporters. Although this provision has been applied in the case of importers, exporters are yet to be brought under its operation. Export earning constitutes about 10 percent of our GDP. With a view to attaining economic self-reliance and involving all in our development efforts, I propose deduction of tax at source at the rate of 1 percent of export value. The concerned banks will make the deduction and the amount so deducted will be adjusted against tax demand in future. The proposed measure is expected to yield additional revenue of Taka 50 crores.

30. At present, no tax is deducted at source from contractors on payments up to taka 25,000. On the other hand, tax is deducted at the highest rate of 3 percent on payments exceeding taka 10 lakhs. It has been observed that in many cases the amount of tax deducted at source exceeds the amount of tax actually payable. But difficulties are faced by the assesseees to get the refund after completion of required formalities. To eliminate this difficulty and in keeping with the tax rates proposed, no advance tax will be deducted from payments to contractors up to Taka 2 lakhs and the highest rate of 3 percent will apply in case of payments exceeding taka 25 lakhs. Further, assesseees deriving income only from contracts may exercise option to file income tax return and have their assessment finalised on payment of tax at the rate of 4 percent on payments received by them.

31. At present tax is deducted from house rent at various rates. Monthly rent up to Taka 4,000 is, however, exempt from such deduction. On the other hand, tax is deducted at the highest rate of 5 percent on monthly house rent exceeding Taka 20,000. In consonance with the new system and tax rates, exemption from deduction at source is proposed for monthly rent up to Taka 7,500. Similarly, the highest rate of 5 percent will apply for monthly rent exceeding Taka 30,000. In addition, private limited companies will also be included in the list of entities which deduct tax at source from house rent.

32. Income tax is now deducted at source from travel agents at 5 percent on commissions received by them. The existing rate of deduction is considered too high. In order to rationalise this rate, I propose to refix the rate of deduction at source from travel agency commission at the rate of 3 percent of the commission received by them.

**Mr. Speaker, Sir,**

33. The income of many businessmen and professionals exceeds the exemption limit. Because of weakness in enforcement of the tax laws and of tax administration, many of them remain outside the tax-net. The existing law relating to presumptive assessment of income tax

shall be enforced more strictly to bring them with the tax-net. The minimum presumptive tax shall be fixed at Taka 2,000 and Taka 1,500, depending on the commercial importance of the area concerned. Presumptive tax will be imposed on those assesseees who do not avail themselves of the procedure of self-assessment as provided under the law. Persons assessed to presumptive income tax may take advantage of self-assessment or may be assessed under alternative procedure the next year.

**Mr. Speaker, Sir,**

34. Industries enjoying tax holiday are now statutorily required to invest at least 20 percent of their tax-exempt income in government bonds and securities. To help the taxpayers, it is proposed to reduce the said rate of investment to 15 percent only. At present there is no prescribed time-limit for purchase of bonds to remove this difficulty. I propose to fix the time limit to nine months from the end of the income year within which period investment in bonds has to be made. The government has made necessary arrangements for issuing the National Investment Bond. The concerned taxpayers will be required to invest in these bonds. Those who did not invest earlier in government bonds and securities also will have to invest in these bonds the full amount of their past obligations as required under the law within the financial year 1992-93.

35. The underlying rationale of tax holiday is to help the process of industrialisation. With this end in view, it is proposed that the enterprises enjoying tax holiday will be required to invest at least 20 percent of their tax-exempt income in the same industry, or any new industry or in any other productive asset. [word as published] Assesseees will be required to make such investments within two years following the expiry of the tax holiday period. The existing law provides for cancellation of the benefit of tax holiday if the assessee fails to comply duly with the terms and conditions under which the benefit was granted. It is proposed that the government may suspend partly or fully or may cancel the benefit of tax holiday in national and public interest. I would like to assure everyone in this context that the government will exercise the power only as an emergency measure and in extreme situations.

36. Returns filed by multinational corporations and Bangladeshi public limited companies qualify for acceptance as correct and complete if accompanied by audited accounts certified in the prescribed form by chartered accountants. In the case of Bangladeshi public limited companies, if it is discovered by any tax authority that the chartered accountant wilfully or knowingly withheld any information relating to the particulars of income, penalty can be imposed on him as per provisions of the law. But, in the case of multinationals no such provision for penalty exists. In order to remove this discrepancy, it is proposed to make the provision for penalty equally applicable in relation to multinationals also.

37. Income tax practitioners are enrolled by the National Board of Revenue, but the concerned Commissioners of Taxes can disqualify them from practising. It has been proposed to vest in the National Board of Revenue the power to disqualify the income tax practitioners, which will remove the anomaly and fulfil a long-standing demand of the income tax practitioners.

**Mr. Speaker, Sir,**

38. The income tax department is subject to audit by the Comptroller and Auditor-General. The Constitution, the laws relating to the office of Comptroller and Auditor-General, and the income tax law provide for such audit. Steps are being taken by the Comptroller and Auditor-General to strengthen the audit system. It is expected that this will enhance accountability and transparency of the taxation department and thus help improve the efficiency of tax administration.

#### WEALTH TAX

**Mr. Speaker, Sir,**

39. According to provisions of the law, income tax and wealth tax together cannot exceed 50 percent of the total income of an assessee. I propose that the limit be fixed at 30 percent, which is expected to encourage savings and investment and is also consistent with proposed reduction of income tax rates.

#### Foreign Travel Tax:

40. Foreign travel tax is now payable by Bangladeshis travelling abroad by air at the rate of 10 percent of the ticket value subject to a minimum of Taka 250 and a maximum of Taka 1,500. For travel to SAARC [South Asian Association for Regional Cooperation] countries, however, the maximum amount of tax is Taka 500. In view of the rise in air fare, the 10 percent rate has become irrelevant and in all cases virtually tax is charged at the fixed higher rate. In order to simplify the procedure of collection of this tax, I propose specific rates as follows: Taka 1,700 for North America, South America, Europe, Africa, Australia and the Far East countries; Taka 500 for SAARC member countries and Taka 1,200 for all other countries. Tax at the rate of Taka 150 and Taka 500 for travel by land and sea, respectively, shall remain unchanged. Additional revenue of taka 20 crores is expected from adjustments of travel tax rates.

**Mr. Speaker, Sir,**

41. The above proposals relating to reduction of direct taxes will result in loss of revenue estimated at Taka 103 crores. On the other hand, the proposed new measures are expected to yield an additional revenue of Taka 92 crores. On the net, there will be a loss of Taka 11 crores. But steps taken for broadening the tax-base, recovery of arrear taxes, curbing evasion and expeditious disposal of pending cases are expected to yield an additional revenue of taka 211 crores. Thus, the net increase in

revenue will be taka 200 crores, the major portion of which will come from measures for administrative improvement.

#### Development Levy and Jamuna Bridge Levy:

42. Development levy is currently charged at 6 percent on interest on deposits in post office, and dividend earned from stocks, shares, mutual funds and units trust. In addition, Jamuna Bridge levy is charged at the rate of 4 percent on interest on deposits in banks and post office, profit from savings certificate and investment in Wage Earner's Development Bond and dividend. To provide incentive to savings and investment and in view of recent reduction of interest rates, I propose to abolish both the levies.

#### Advertisement Tax:

43. Value Added Tax has been introduced on advertising agencies with effect from the financial year 1991-92. According to the advertisement tax law, advertisement tax is charged at the rate of 15 percent on advertisements through media excepting newspapers. It is proposed that advertisement tax be abolished for media to which VAT applies.

#### Stamp Duty:

44. Stamp duty is now charged under the Stamp Act, 1899 at the rate of 10 percent up to Taka 1 lakh and 18 percent on the amount exceeding Taka 1 lakh. Consequently purchasers tend to understate the value of the property registered in order to avoid stamp duty at the higher rate which causes loss of revenue to the government. In order to check this tendency, it is proposed to replace the two rates of stamp duty by a uniform rate of 12 percent.

#### INDIRECT TAXES

##### Import Duty:

**Mr. Speaker, Sir,**

45. I would now like to place before the House some salient features of the customs duty structure proposed for financial year 1992-93.

46. In order to encourage development of housing and construction industries and physical infrastructure of the country, I propose to reduce customs duty on grey portland cement from 20 percent to 15 percent, white cement from 75 percent to 45 percent, billet from 30 percent to 15 percent, rod from 60 percent to 45 percent, BP sheet from 20 percent to 15 percent, CI sheet from 50 percent to 30 percent, sheet piling from 60 percent to 45 percent, wood from 20 percent to 7.5 percent, veneer sheet from 30 percent to 15 percent, coal from 10 percent to 7.5 percent and stone and stone boulders from 20 percent to 15 percent. There will be no value added tax on imported log. The government will incur an estimated revenue loss of 20 crore taka as a result of these measures. But these measures are expected to encourage

expansion of our construction industry and improvement of the physical infrastructure.

47. In order to improve the transport sector and to keep transportation cost within the reach of the common people, I propose to change the customs duty structure significantly. Duty on imported diesel operated bus and mini-bus will be reduced from 60 percent to 30 percent. Duty rates for diesel and petrol operated bus and mini-bus will be uniform. In order to encourage local assembly of diesel operated bus and mini-bus, I propose to reduce customs duty on CKD [expansion not given] imports from 20 percent to 15 percent. Customs duties on CBU [expansion not given] and CKD auto-rickshaws will be reduced from 60 percent and 40 percent to 45 percent and 30 percent respectively. The various rates of customs duty applicable on auto-rickshaw engines will be rationalized at 7.5 percent irrespective of their engine capacity.

48. Due to existing high tariff structure prices of automotive vehicles like motor car, station wagon, mini-bus and jeep have gone beyond the purchasing capacity of most people. Inadequacy of transportation facilities slows down normal speed in general, and professional dynamism in particular. In order to improve the situation, I propose to revise the customs duties on these vehicles. Customs duty on motor car and station wagon up to 850 c.c. will be reduced from 60 percent to 45 percent; on those exceeding 850 c.c. but not 1,000 c.c. from 100 percent to 75 percent; on those exceeding 1,000 c.c. but not 1,300 c.c. from 175 percent to 100 percent; and on those exceeding 1,300 c.c. from 350 percent to 200 percent. However, supplementary duty at the rate of 20 percent will be imposed on motor cars and station wagons exceeding 1,000 c.c. Customs duty rates of 100 percent and 75 percent applicable on spare parts of automotive vehicles will be rationalized at uniform rate of 45 percent. I propose to reduce customs duty on tyres and tubes for motor cars from 100 percent to 75 percent. These measures, combined with reduction of prices of petroleum products, will result in a revenue loss of 50 crore taka. But it is expected that these measures will encourage investment in the transport sector and thereby ease our transportation problem. Cost of maintenance of automotive vehicles will also be reduced significantly.

49. In order to provide support to local industries, I propose to reduce customs duty on spares of machinery from 60 percent to 45 percent. In order to ensure uninterrupted supply of electricity in industries, I propose reduction of customs duty on electric generators from 10 percent to 7.5 percent. As a result of these measures, the government will incur an estimated revenue loss of 20 crore taka.

50. In order to help modernize and encourage agriculture, I propose to lower customs duty on certain agricultural implements such as sprayers, seed planters, fertilizer spreaders, milking and dairy machineries, special type of motors, pedestrian tractors, etc., from 25 percent to 15 percent. The above measures will have positive

impact on prices of agricultural implements. At present, importation of diesel engine of capacity from 3 hp to 20 hp is allowed free duty in order to help irrigation. But this facility is being widely misused. In order to prevent further abuse, I propose to levy a nominal customs duty of 7.5 percent on this item. As a result of these changes, the government is expected to incur a loss of 5 crore taka as customs revenue.

51. I propose to reduce customs duty on ink from 60 percent to 45 percent and on biology box and geometry box from 20 percent to 15 percent. Customs duty on all papers, except cigarette paper, which is at 75 percent now will be reduced to 60 percent. Duty on cigarette paper will be 125 percent instead of the present 150 percent. Customs duty on some scientific and laboratory equipment such as specially made ceramic wares, furnace, oven, carbon brush, carbon electrodes, thermometers, etc., will be lowered from 10 percent to 7.5 percent. These measures will involve a revenue loss estimated at 5 crore taka.

52. I propose to reduce customs duty on most machineries used for medical purposes and apparatus and instruments such as catgut, bandage, first aid box, etc., from 30 percent to 15 percent. However, total duty exemption on some life-saving instruments like pacemaker and heart valve will continue. Customs duty on ambulance will be reduced from 60 percent to 45 percent. A loss of 5 crore taka is expected as a result of these measures.

53. Anti-malaria and anti-tuberculosis drugs are now produced in the country. These and other medicaments imported in retail packages are totally exempt from customs duty. But raw materials imported from manufacturing these medicines attract 10 and 20 percent customs duty rates. To remove such obvious anomaly, I propose to levy 7.5 percent customs duty on most of the imported finished medicines. At the same time, to encourage local industries and to reduce medical expenses, I propose reduction of customs duty on raw materials imported for local manufacture of drugs and medicines from 10 percent and 20 percent to 7.5 percent and 15 percent respectively.

**Mr. Speaker, Sir,**

54. One of the most important objectives of this government is to enable the common people [to] purchase daily necessities at affordable prices. To this end, I propose to reduce customs duty on crude degummed soybean oil and crude palm oil/olefin from existing 40 percent and 30 percent to 50 percent and 45 percent respectively. At present edible oil manufacturers only reline imported edible oil whose local value addition is negligible. There is little capacity for producing edible oil from oil seeds although this process has a higher value addition. By-products such as oil cake obtained in this process can be used as animal and poultry feed. Considering this, I propose to revise customs duty on rape seeds, soybean seeds and mustard seeds from 20 percent to 15 percent.

Customs duty on refined soybean and palm oil will be lowered from 100 percent to 75 percent. Customs duty on copra and red lentils (measure dal) will be refixed at 15 percent instead of present 20 percent. As a result, the government will lose revenue to the tune of 38 crore taka as customs duty.

55. In order to bring down prices of imported fruits, I propose to reduce duty on them from 75 percent to 60 percent.

56. In order to bring down the prices of utensils and other items of common use made of aluminium, customs duty of aluminium sheet, plate and circles was reduced from 38 percent to 30 percent in the Finance Bill of 1991. I propose to reduce this rate further to 15 percent. With the same end in view, I propose to lower customs duty on unwrought aluminium and waste and scraps of aluminium from 10 percent to 7.5 percent.

57. I propose to reduce customs duties on some consumer goods in order to help the middle classes. Customs duty on table fan, pedestal fan and television will be reduced from 100 percent to 75 percent and duty on refrigerator and deep freeze will be lowered to 60 percent from 100 percent. As a result of rural electrification, these measures will also benefit villagers. In order to increase efficiency in the offices and business enterprises, I propose to reduce duty on air-conditioning machines from 100 percent to 75 percent. Customs duty on photographic, video and cinematographic cameras will be reduced from 100 percent to 60 percent. To promote games and sports, customs duty on sports equipment will be lowered from 20 percent to 15 percent. These proposals will involve revenue loss estimated at 10 crore taka.

58. The textile sector of the country is facing many problems. The government has undertaken a study to find out ways to revitalize it. This study will take sometime to complete. At this stage, I propose to make some interim changes in the duty structure. Customs duty on raw cotton will be reduced from 10 percent to 7.5 percent, on raw silk from 30 percent to 7.5 percent, on textile dyes from 30 percent to 15 percent, and on spares and accessories of textile machineries from 60 percent to 45 percent. The above measures will result in a revenue loss of 11 crore taka; but will encourage textile industry, enhance its competitiveness, increase the value addition in case of exportable garments, and discourage smuggling.

**Mr. Speaker, Sir,**

59. At present, powder milk imported in tin packings of up to 2.5 kg. and in bulk attract two different rates of 25 percent and 45 percent respectively. Condensed milk has a duty rate of 60 percent. From the present trend of import of powder milk, it is estimated that annual import of this item will be approximately 350 crore taka. This is an undesirable scenario for an agro-based economy. Some tend to treat this milk as baby food. This is erroneous; in fact it is not even good for a child's

health. The major portion of the imported powder milk goes into sweetmeat production. Excessive import of powdered milk inhibits growth of livestock in rural areas and has adverse impact on rural employment generation. It also results in drainage of hard earned foreign currency. During the last few months, I have talked to representatives of various sections of people including Honourable Members of the Parliament. It appears to me that all of them agree with the above observation. Besides, the Ministry of Livestock and Fisheries has been continuously suggesting higher import tariff for powder milk to discourage its importation. In order to encourage livestock development and thereby increase rural employment opportunities and also to stop wasteful expenditure of foreign exchange, I propose to impose a uniform rate of 45 percent customs duty on powder milk imported in any form and condensed milk. But the duty rate on milk food formulated specially for children will remain unchanged at 30 percent.

60. At present dry chilli is exempt from the whole of customs duty. From the current trend of import of the item, it appears that the import value may reach about 80 crore taka in the current fiscal year. An agricultural country like Bangladesh has strong potentials for growing chilli. Considering this, I propose to impose customs duty of 15 percent on imported dry chilli.

61. The Government has recently permitted import of wheat in the private sector. In future, the private sector will assume a greater role in the import and marketing of food stuff. Although the annual demand for import of wheat is about 15 lac tons, the present international climate is not conducive to getting more commodity aid. Therefore, I propose to impose duty at 5.5 percent on imported wheat in the interest of domestic production of wheat.

62. Currently, a good number of commodities enjoy total exemption from customs duty. These exemptions deprive the government of legitimate revenue and encourage transfer of foreign currency through misdeclaration of import value. Besides, they also prevent expansion of the tax base. In order to put an end to this situation, I propose to levy customs duty at the rate of 7.5 percent on most of these items. Some of the items in this category are carbon steel strip, steel strip, cement clinker, educational film, etc. However, total exemptions from customs duty may continue on a few items only as exception.

63. To cater to the needs of modern trade and industry, I propose some amendments in the Customs Act, 1969. The Honourable Members will have plenty of time to deliberate on these proposals while discussing the amendments. Therefore, I would not tax their patience now.

64. In order to determine correct valuation of imported goods, the government, from time to time, fixes tariff value of imported commodities. At present, unit value of imported commodities is fixed in Bangladesh currency



whereas international trade is carried out in convertible currencies such as U.S. dollar and pound-sterling. Since tariff value at present is fixed in taka, any depreciation of taka in relation to convertible currencies does not have any reflection on tariff value. As a result the purpose of depreciation is frustrated and misalignment in the exchange rate takes place. In the process, the government loses its legitimate share of revenue. To ameliorate this situation, tariff value of various commodities will henceforth be fixed in U.S. dollar and additional items will be added to this list.

65. Containers carry bulk of the cargo in modern international trade. Customs examination of such cargo in containers is difficult as well as time-consuming. Considering this, I propose to introduce per-shipment inspection in case of FCL [expansion not given] containers. It may be mentioned that many developing countries like Pakistan, India, the Philippines and Indonesia have gradually implemented this system and results there are positive.

66. At present, bonded warehouse facility is available for many export-oriented industries including garment industry. This facility is allegedly being misused depriving the government of its legitimate revenue and threatening the local industries. To remedy this situation, I propose to introduce mandatory pre-shipment inspection system in cases of goods imported under bonded warehouse facility. This system will take effect from the 1st of July, 1992. Importers will choose their own pre-shipment inspection agents from the list approved by the government and shall submit the inspection certificate to customs authority. All FCL containers will also come under the above provision. I would like to categorically state that no bonded warehousing facility will be provided unless the bonder accepts pre-shipment inspection system. Provisions will be made for automatic renewal of bonded warehouse licenses on payment of prescribed fees. At the same time misusers of the bonded warehouse facility and violation of the conditions of the license will make the license liable to cancellation as well as the license to penal action under the law.

67. Determination of the character and correct valuation of some items such as machinery, chemicals, dyes and ball bearing is difficult and time-consuming. As a result, importers suffer and the government loses its due share of revenue because of misdeclaration of price. To expedite clearance of these categories of goods and to ensure proper revenue collection, pre-shipment inspection will be made mandatory for these items.

**Mr. Speaker, Sir,**

68. Customs duty at the rate of 40 percent is applicable on some items under the Passengers (Non-tourists) Baggage Rules. To minimize the tax burden on Bangladeshis working abroad and returning Bangladeshis, I propose to reduce the rate of customs duty on these items to 30 percent. The Finance Act, 1991 allowed import of gold

bar or gold bullion up to 234 grams in weight on payment of 10 percent customs duty by a passenger staying abroad for more than 3 months. I propose to extend this facility further and allow import of gold bar or bullion up to 1 (one) kg in weight on payment of 7.5 percent customs duty under Baggage Rules irrespective of the passenger's length of stay abroad. This will also help local gold ornament industry. Besides, a passenger will be allowed to bring in gold ornaments up to 200 grams in weight instead of 100 grams without payment of customs duty and irrespective of his or her duration of stay abroad. In order to harmonize customs duty rates under Baggage Rules and Transfer of Residence Rules, I propose to reduce customs duty from 50 percent to 30 percent on items imported under Transfer of Residence Rules.

69. End-user specific rates of customs duty generate inefficiency in the economy through discrimination. This type of special exemptions hinders expansion of the tax base. In order to remedy this situation, I started in 1991-92 a process of progressively withdrawing these exemptions. In continuation of this process, I propose to withdraw most of these exemptions. However, total exemption of customs duty will continue in a few exceptional cases only.

70. As a result of large scale reduction of customs duty, the government will incur a revenue loss of approximately 243 crore taka in 1992-93. However, through rationalization of duty structure, revision of tariff value, improvement of administrative efficiency, necessary amendments in the Customs Act and as a result of increase in the volume of imports, it is expected that the estimated increase of customs duty will be to the tune of 383 crores taka. Therefore, the net increase of customs duty in the financial year 1992-93 is estimated to be 140 crores taka.

#### **Value Added Tax, Supplementary Duty and Excise Duty:**

**Mr. Speaker, Sir,**

71. Value added tax (VAT) was introduced in Bangladesh in 1991-92 budget. The introduction of this tax system was an important and bold step in the area of tax reform. The successful implementation of VAT in Bangladesh has already been internationally acclaimed and appreciated.

72. VAT is a modern and well-developed tax system. For administrative reasons, a number of excisable goods and services were not brought under VAT in 1991-92 budget. To change this position, I propose to bring most of the excisable goods and services, including cigarettes, petroleum products and natural gas, under VAT in the 1992-93 budget.

73. In case of natural gas, VAT will replace excise duty. Before this, 68 percent of the total sales revenue used to be collected as excise duty in the proposed system. The total collection on account of VAT and supplementary



duty would be 62 percent. As a result of retention of a larger share by the gas companies, it is estimated that revenue will decrease by Taka 10 crores.

74. Revenue neutrality would be maintained while bringing cigarettes under VAT. To this effect, it is proposed that 15 percent of the retail price of different brands of cigarettes may be collected as VAT and the remainder as supplementary duty. In order to simplify tax collection, only five effective supplementary duty rates—32.50, 47.50, 50.53 and 56 percent of the retail price—are proposed to be introduced in place of the present 29 excise duty rates.

75. It is proposed to replace excise duty on ordinary bricks by VAT. Tariff value will be fixed in order to keep the average tax incidence at the present level in case of ordinary bricks burnt by gas, coal or fuel-wood.

76. It is proposed that the services rendered by WASA [expansion not given] gold and silver jewellery manufacturers and gold and silver shopkeepers, be transferred from the present excise system to VAT.

77. It is proposed that excise duty may be withdrawn from tobacco products like cheroots, smoking tobacco and zarda and VAT be imposed.

78. In order to rationalise and consolidate the VAT system and to simplify the application of law, it is proposed that VAT may be imposed on the following goods and services:-

(a) Copra, being a partially processed and intermediate goods used in oil production, may be brought under VAT.

(b) It is proposed to impose VAT on courier services, beauty parlours and services rendered by medical centres and clinics which run on commercial basis or realise service charges in order to make profits. This will not, however, apply to charitable dispensaries or clinics rendering treatment on realisation of nominal charges.

(c) By rationalising the definitions, clearing and forwarding agencies and advertising media may be included under VAT along with freight forwarders and advertising agencies respectively.

(d) VAT may be imposed on insurance premiums and present insurance tax thereon be abolished.

(e) In order to ensure trade neutrality under VAT, locally produced and refined petroleum products may be brought under VAT in lieu of excise duty.

(f) In consideration of the fact that soap industries with installed capital machinery whose value does not exceed Taka 3 lakhs may have turnover comparable to those of medium and large scale industries, it is proposed to impose VAT on this type of soap manufacturers.

(g) At present, most industries with capital machinery worth Taka 3 lakhs or less are exempt from VAT. In

many cases, the turnovers of such type of industries are equal to or even more than that of the medium and large scale industries. In order to remove this discrepancy, it is proposed that VAT may be retained in these cases subject to the following condition: value of capital machinery or capital investment does not exceed Taka 3 lakhs; annual turnover is not more than Taka 12 lakhs; and these industries are not registered as joint stock companies.

(h) In order to remove the difficulties with regard to the application of law in case of contractual manufacturing, it is proposed to treat this activity as "production or manufacturing" and not as a service the provisions relating to imposition of BVAT will continue.

**Mr. Speaker, Sir,**

79. Cotton and synthetic yarn and fabrics are at present outside both VAT, and excise systems. It is proposed that excise duty at the rate of 2.5 percent ad valorem may be re-imposed on these items.

80. Some of the items on which import duties have been proposed to be reduced as a step towards rationalisation of tariff structure have significant revenue implications. It is proposed to impose supplementary duty on these items. Supplementary duty on hotels and restaurants may be reduced from 10 percent to 5 percent. In order to withdraw supplementary duty from small motor cars, other motor vehicles of different sizes and motor cycles, it is proposed to delete these items from the Third Schedule to the VAT Act, 1991.

81. In order to give relief from excise duty to bank cheques, it is proposed to delete this item from the First Schedule to the Excises and Salt Act, 1944.

**Mr. Speaker, Sir,**

82. I am proposing certain amendments to the VAT Act, 1991 in order to make the VAT system administratively more effective. There will be occasion to discuss the various aspects of the amendments while considering them. Therefore, I do not propose to discuss these at this stage.

83. For increasing revenue from VAT, departmental activities would be lengthened in the next fiscal year. For making the input tax credit mechanism operationally more effective, the wholesaler and importers serving the manufacturers would be brought under VAT in stages. To this end, education and publicity activities would be taken up during 1992-93.

**Mr. Speaker, Sir,**

84. So far I have placed before the Parliament the tax measures for 1992-93 budget. I would now like to state their overall revenue implications. The reduction of certain rates and the introduction of conventional exemption limit in case of income tax would result in a revenue loss of Taka 103 crores. The reduction of very high rates of import duty would mean a revenue loss of

Taka 243 crores. The reform measures and administrative improvement programme for income tax department would lead to an increase in revenue estimated at Taka 303 crores. Removal of complexities in the collection of customs duty, reforms relating to determination of tariff value, procedural improvements, etc., in case of customs duty are expected to increase collection of customs duty by Taka 383 crores. The transfer of most of the excisable items to VAT would result in a concomitant transfer of revenue amounting to Taka 1,326 crores to VAT. It is expected that an amount of Taka 1,436 crores would be collected as VAT and supplementary duty. As a result, after adjustment of excise duty with VAT and supplementary duty, there will be a net revenue gain of Taka 110 crores. Thus, the net amount of additional revenue in the next fiscal year would be Taka 450 crores. It may be noted here that, out of the additional revenue of Taka 450 crores, only Taka 140 crores would be realised through new tax measures; the remaining Taka 310 crores would be realised as a result of administrative and procedural reforms. The total receipts from various taxes for the financial year 1992-93 are estimated at Taka 8,480 crores.

**Mr. Speaker, Sir,**

85. So far, while dealing with the various budget proposals I have referred to our political and economic objectives as they relate to those proposals. As I come close to the conclusion of my speech, I would like to draw, through you, the attention of the distinguished members particularly to certain important aspects of these objectives.

86. This august Parliament is the result of the neutral elections held in the wake of the overthrow of the autocratic regime through a popular movement. The responsibility of improving the lot of the common man and establishing the institutional structure of democracy in order to consolidate our independence, earned through enormous sacrifice, devolves on all of us. We will be able to reach our desired goal through the collective efforts of the government and members of this august body—and through participation of the broad masses of people, professionals, workers, politicians and intellectuals outside the Parliament. Our democratic pluralism has laid the foundations for realising the desired national consensus, collective efforts and the participation of the broader masses.

87. In this context, I want to state clearly that “freedom” is indivisible—and that political and economic freedom are complementary to each other for both the state and the individual. Democratic and individual freedom erodes away if governmental control and discretionary powers in the economic sphere continue. On the other hand, excessively controlled and inward looking economy becomes increasingly weak over time; scope for rent-seeking sacrifices the interests of the common man; and fails to change the conditions of their life through the required high rate of economic growth. Thus, in order to consolidate freedom and democracy and to

accelerate economic growth, it is essential to introduce and maintain a market-oriented, liberal and competitive economic environment. All over the world, the tide of liberal and competitive economic system have replaced the controlled and inward looking economic regimes. We cannot remain isolated from this process of change.

88. Many people hold the view that the role for the government is either absent or minimal in a liberal and market-oriented economy; that it is devoid of a sense of human compassion; and that domestic industries are endangered by competition from foreign goods. I want to state in unequivocal terms that this view is without any basis and the fear is unwarranted. Formulation and application of appropriate policies, establishment and maintenance of physical and social infrastructures, maintenance of social justice and social order and their peaceful transformation in the desired direction—all these are important functions of the government. The role of the government in these areas will expand, while direct and discretionary interventions in the economic spheres will reduce gradually and become limited.

89. If an export-led growth strategy is adopted, domestically produced goods will have to become capable to compete in the world market. It is necessary to increase efficiency for this, which will take time. Therefore, pragmatic steps will be taken to gradually remove the existing irrationally high tariff wall and administrative barriers, while protecting the interests of the consumers. In general, economic development will be accelerated as a result of increased efficiency.

90. High growth rates are essential for poverty alleviation, but at the same time it is necessary to implement special programmes for the poorer communities. The government is conscious of this: the funds allocated in the development programmes to agriculture, rural development and poverty alleviation testify to this.

**Mr. Speaker, Sir,**

91. It is evident from the political programme and the economic strategy of the government led by the Bangladesh Nationalist Party that we are unrelenting in our efforts to create an accountable and transparent democratic system and a humane, liberal and competitive economic environment. The road is long and difficult. But I strongly believe that national consensus, tolerance that a democratic process generates spontaneous support of the people—and above all the directions provided by the political philosophy of President Shaheed Ziaur Rahman and the determined leadership of Begum Khaleda Zia—will enable us to reach the desired goal. May Allah bless us.

#### **Closures of Universities Seen Having Negative Impact**

*92AS1246B Dhaka ROBBAR in Bengali 5 Jul 92 p 48*

[Article by Shirin Hossein: “Society Is Most Hurt by the Repeated Closures of Universities”]

[Text] [Boxed item] Dr. Anisuzzaman, professor, Department of Bengali, Dhaka University, is a famous scholar in the field of research-oriented literary activities. He is the author of many important books. Some important books are—*Muslim Manas and Bangla Sahitya*, *Muslim Banglar Samayik Patra*, *Swarupar Sandhane*, *Athera Shataker Bangla Chithi*, *Purana Banglar Gadya*, etc. He has also edited some books. He got numerous awards for his research work and creative activities. Until now, 13 books, written, edited, and translated by Dr. Anisuzzaman, have been published. He also earned fame as a teacher. Recently we had an interview with Dr. Anisuzzaman. A selected portion of that interview is printed below; place and date not given.[end boxed item]

[ROBBAR] You have been in the field of literature for a long time. What is your evaluation about the present literature of the country?

[Anisuzzaman] I entered the literary field in 1950. My first book was published that year. In the beginning, I used to write short stories, and then I started writing articles. Afterwards, I concentrated on the field of research-oriented literature. I have written many articles. But my main field is research work especially in the field of Bengali literature of the modern times.

At present, the main feature of our literature is that a large number of writers have entered this field. The other side is, there is no proper journal for good-quality literature. We are still unable to publish a good journal for literature on a regular basis. The two journals published by the Bangla Academy, namely, "Uttaradhikar" and "Shilpataru" are good-quality journals, but there is no regularity about their publication. In spite of that, it must be said that the literary pursuit in our country is definitely progressing. But it does not mean that all writings are good quality. But, no doubt, some of them are really powerful writers.

[ROBBAR] In the field of literary pursuit, to which sphere do you give more importance—emotion or intellect?

[Anisuzzaman] As I am in the field of research-oriented literature, there is always a kind of searching in my writings. Naturally, in my literary pursuit, I give more importance to intellect. I also write some articles of general nature. In those cases, there is a mixture of my self-realization with intellect. If you call that self-realization an expression of my emotions, I will not object.

[ROBBAR] In the present literature, the existence of "self-importance" is too much. What do you think about it?

[Anisuzzaman] It is very natural in literature that the "self-importance" of the writer will be exhibited. Because all writers want to express their own feelings in their literature. So the demonstration of "self-importance" of the writers in their literature is not at all

bad or unnatural. Especially the aged writers of our generation, this kind of overexpression of "self-importance" comes with age. But it is not a characteristic of our literature.

[ROBBAR] The standard of education of our country is deteriorating daily. As a renowned teacher, would you please say something about the responsibilities of the teachers in this aspect?

[Anisuzzaman] In this region (in prepartitioned India) the first commission on education was set up in 1881. Sir William Hunter was the chairman. It was said in his report that the standard of education was going down. During the last 100 years, after this, each and every commission on education reported that the standard of education was deteriorating. So there is nothing new in the news of the gradual deterioration of the standard of education. The overall standard of education falls slightly with the expansion of education. The main reason for that is at the time of any rapid expansion of education, the problem of teacher shortages is felt. With the fall of the academic standard of the teachers, the standard of education itself goes down. In the field of higher education, we see that, sometimes, the teachers are not able to do what they are expected to do.

[ROBBAR] what is the role of the teachers in the improvement of the standard of education?

[Anisuzzaman] The teachers have a very important role in the improvement of the standard of education. But there is a question of give and take in this respect. Here the students must have an interest in getting the best from the teachers. The teachers must also try to give the best to the students. If students do not have an interest in receiving, the teachers will automatically lose interest in giving. On the other hand, if teachers are not willing to give their best to students, they will lose interest in receiving. But at the university level, the primary duty of teachers should be helping the students to gain new access to the world of real knowledge. Just teaching is not the main purpose at this level. The doors of the new knowledge can only be opened through research work.

[ROBBAR] Who do you think suffers most if the Dhaka University remains closed?

[Anisuzzaman] Society is the worst sufferer if the university remains closed. If the university remains closed, the educational progress of the students stalls and it is delayed. Due to this, the students lose precious time and, naturally, they become frustrated. It results in the lack of trust in the educational system of the nation, and here begins the brain drain. Overall, it is society that suffers most. If we seriously want to avoid this loss, a well-concerted effort should be taken by students, teachers, guardians, and the political leaders, so that the doors of the universities remain open and a proper academic atmosphere is maintained on university campuses.

[ROBBAR] What is your opinion about the direct involvement of teachers in politics?

[Anisuzzaman] In different countries of the world, teachers are involved in direct politics. But still they can maintain their objective views; unfortunately, we are still unable to create such a favorable atmosphere. For this reason, when the teachers are involved in direct politics, there always exists some degree of apprehension. I believe that in a country like ours, there are still some problems if the teachers are involved in direct politics. But, of course, there are some teachers who are in direct politics and do not face any problem.

[ROBBAR] What was the aim of your life? How did you want to establish yourself in life? Have you achieved your goal?

[Anisuzzaman] In my early childhood, I wanted to be a lawyer. The reason was that after watching the role of the lawyers in Bengali movies, I was very much attracted to this profession. But before the end of my school life, I decided to study Bengali and to become a teacher. In that respect, I can say that I am what I wanted to be. But it is difficult to say whether I am successful or not. My only goal was to be a teacher and nothing else. But now, I think that the atmosphere of the educational world that was in my dream, has been lost to a great extent in reality. I am afraid that I might not have been a teacher in the beginning of my career if the present condition like this existed in the universities. I am still in academia only because I do not have any qualifications for any other job. But I do not like to call it a teaching job, rather, it should be said that I simply work in a university. Nobody can claim to be a teacher, if he does not have any moral influence over the students. I do not think that I have any moral influence in any aspect of life in the present condition of the country.

## BHUTAN

### Interview With King Jigme Singye Wangchuck

92AS1471A Madras THE HINDU in English 13 Aug 92  
p 11

[Interview with King Jigme Singye Wangchuck by S. Ramachandran, correspondent of THE HINDU in Calcutta: "Re-Orient NAM, Says Bhutan King"]

[Text] Thimpu, Aug. 12—In a recent interview, King Jigme Singye Wangchuck of Bhutan answered a number of questions posed by S. Ramachandran, Correspondent of THE HINDU in Calcutta:

[Question] The Ministerial Committee of the Coordinating Bureau of the nonaligned countries [NAM], in its report to be considered at the Jakarta meeting of the Heads of State next month, has pointed out that new challenges are being imposed on NAM—the most pressing one being to deal effectively with the danger of its marginalisation. Do you agree, if so, how to repair the damage? If not, how do you propose to re-establish its glory?

[Answer] The end of the Cold War and the success of the de-colonisation process, while vindicating the policy and principles of NAM, have brought new challenges. The most important of these, in my view, is to correct the general tendency to assume that NAM has lost its relevance now that the Cold War has come to an end. I believe that the principles of NAM are still relevant. While bloc rivalries may have ended, economic disparities and the North-South divide has only widened further. At a time when economic groupings are replacing military blocs the role of NAM in bringing about the establishment of a new International Economic Order (NIEO) assumes even greater importance. The most striking common factor of the majority of the nonaligned countries is their economic backwardness and their dependent status in international economic relations. It is, therefore, necessary to take decisive steps to revitalise NAM.

[Question] Do you agree with the Committee report that it is only at the U.N. that NAM can effectively assert its numbers? But, it is not well known that the U.S.-Russian combination dominating the world is certainly not conducive for the U.N. to take serious note of the NAM group as such, although individually, every country would be heard with respect? Under these circumstances, how do you think the NAM Ministers can make an impact and decide about the future course of action?

[Answer] NAM is not an organisation but a movement and does not have an executing body for its declarations and decisions. However, as its members are also U.N. members, NAM has an important forum where it can act together and take a common stand on issues that have been identified in its declarations and decisions.

Moreover, as the relevance, stature and effectiveness of the U.N. has grown in the post-Cold War era, and as the nonaligned countries comprise a large majority of the U.N. membership, concerted efforts and common stand by NAM members on various issues will definitely have an impact on international affairs.

[Question] What, according to you, should be NAM's priorities when deciding about the global agenda?

[Answer] One of the most important objectives of NAM has been the establishment of the NIEO. With almost its entire membership comprising developing countries this objective assumes even greater importance in the post-Cold War era and must therefore be given the highest priority. Two other issues which must be accorded priority are the need to control population explosion in the Third World and the protection of the environment.

### Bold Steps Needed

[Question] Has NAM the machinery to effectively respond to emerging changes?

[Answer] The decisions and declarations of NAM are translated into action by a Coordinating Bureau and



through economic interests of the Third World countries. In my view, NAM must shift its orientation to economic issues, for the primary concern of the Third World countries now is economic development. This is particularly so because the economic situation of these countries is deteriorating rapidly and without massive transfers of capital and technology their prospects are bleak indeed.

The NAM members must certainly take bold and imaginative steps in Jakarta to revitalise and re-orient the movement in the rapidly changing international scenario. It will also be useful to review the criteria of NAM's membership in the present context.

[Question] Human rights, including economic and social rights and the right to development, social justice, migration, the problem of refugees, international law and its application, environment, terrorism, drug trafficking and abuse, political pluralism and debt are to be accorded priority in future by the world community. Do you feel that NAM has the kind of institutional support to work closely with the U.N. on all these issues?

[Answer] The Ministerial Meetings and especially the Coordinating Bureau, which comprises permanent representatives of its members to the U.N., provide NAM with the necessary instrument to work closely with the U.N.

#### 'Review Membership Criteria'

[Question] Do you feel that the Jakarta meeting would review all these issues or simply pass pious resolutions which mean nothing to people from the Third World countries? There is a suggestion that the criteria for membership of NAM should be reviewed. What is your view?

[Answer] The NAM members cannot afford the luxury of passing pious resolutions. The Jakarta Summit in particular would call for bold and imaginative decisions. Yes, it would be useful to review the criteria for membership in view of the new international scenario.

[Question] Could you kindly spell out your views on development and trade, North-South dialogue, South-South cooperation and human rights?

[Answer] The world has become increasingly more inter-dependent and cannot afford to let the gap between the developed and developing countries widen any further. Practical and realistic measures must be taken to ease the crisis faced by the Third World countries from the reverse transfer of resources, while impetus must be given to the transfer of technologies by the developed to the developing nations.

I fully subscribe to the ideal of human rights particularly as laid down in the value systems of Buddhism and Hinduism. Bhutan is deeply committed to securing the full range of human rights for its people.

[Question] South-South cooperation has encountered formidable constraints in its path. What according to you should be the fresh initiatives and new approaches required to promote central integrative processes for trade?

[Answer] South-South cooperation has not been effective because of lack of concerted action by the developing countries. This is where NAM can and must play a more effective role in the years ahead. It is political will and concerted action that is required more than any fresh initiatives as such for South-South cooperation to become effective.

#### SAARC Fund

[Question] You have suggested a Special Fund for South Asian cooperation and development. Can you spell out its role, functions and targets? Should it be on the lines of the Asian Development Bank or only a fund specially meant for members of SAARC?

[Answer] The biggest constraint faced by SAARC to revitalise our economies is the lack of funds. During the Colombo Summit I proposed that the feasibility of establishing a South Asian Development Fund may be considered. It would be operated outside the SAARC framework and provide finance for industrial development, poverty alleviation, protection of environment and balance of payments support for members of SAARC.

#### People's Party Leader Meets New Delhi Press

92AS1472A Calcutta THE TELEGRAPH in English  
6 Aug 92 p 4

[Text] New Delhi, Aug. 5: The pro-democracy Bhutan People's Party (BPP) has appealed to India to levy economic and political sanctions against the Bhutanese government to compel it to stop atrocities against citizens of the southern part of the mountain kingdom.

Addressing a news conference here today, the chief general secretary of the BPP, Mr Rakesh Chhetri, said the party had submitted a memorandum to the Prime Minister, Mr Narasimha Rao, on July 29 requesting New Delhi's intervention in the "state terrorism being perpetrated by the Bhutanese security forces."

Alleging that as many as 20 truck-loads of Bhutanese citizens are evicted from southern Bhutan every day, Mr Chhetri said one-sixth of Bhutan's population of 6 lakhs has already been turfed out of the country.

Since 80 per cent of Bhutan's economic, political and administrative set-up drew its sustenance from India, New Delhi could do the rapping on the knuckles, he said.

Mr Chhetri said there were as many as 35,000 refugees who had arrived on Indian soil and were settled in West Bengal, Assam and Sikkim. The memorandum requested the Indian government to provide adequate relief measures to these refugees.

He said another 75,000 refugees had fled to Nepal and were currently under the wing of the United Nations High Commissioner for Refugees (UNHCR) there.

The BPP also maintained that these refugees were "genuine, bonafide Bhutanese citizens" and not illegal immigrants from India as the government was calling them.

"The real issue is not of immigration but of the aspirations of the people to overthrow autocratic, feudal rule," Mr Chhetri said. The pro-democracy element in

southern Bhutan was consistently being harassed, their land-holdings confiscated and citizenships cancelled, he said.

The BPP leader said the ultimate aim of his party was to establish a Westminster style of government in Bhutan, with the office of the King reduced to that of a nominal, benign head of state. He said the BPP intended launching a series of agitations, including a transport and communications blockade to press its demand for democracy.

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